

A LETTER

TO THE

Earl of Liverpool,

ON THE

PROBABLE EFFECT OF A GREAT REDUCTION

OR

CORN PRICES.

IV

IMPORTATION;

UPON THE RELATIVE CONDITION OF THE STATE AND ITS
CREDITORS, AND OF THE STATE AND CREDITORS
IN GENERAL

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LETTER,

&c. &c.

MY LORD,

EVERY man who occupies himself in the investigation of public questions naturally addresses the result of his labours, in the first instance, to those, who are best able to appreciate his views, and to give them practical effect. And doubtless that ability must always rest in a peculiar manner with the leading members of administration. To your Lordship, therefore, as the chief adviser of the Crown at this eventful period, I take the liberty of addressing the following pages. They contain the views of a youthful mind on a subject of very general concern. Let not your Lordship reject them on that account; there is often a happy temerity in youth, that hits upon results it would puzzle age or experience to arrive at. They are the views of a theorist—but practical men should consider, that theory is the parent of invention, without which the most intense application of practical knowledge could never attain any great or permanent elevation.

elevation. The shepherd, who, from an airy summit, looks down upon contending armies in the plain beneath, may sometimes perceive a lurking danger, that would take the wariest captain by surprise. In fine, they are the views of an impartial mind, and as such may claim some attention. Such a one can now-a-days be seldom found, except amongst youthful or speculative observers.

For this address your Lordship is indebted to the situation you occupy; which necessarily implies the legislative body to be under the influence of your direction. To that situation it belongs to receive all communications that regard the public; and we are none of us so exempt from vanity, as to imagine what we have to communicate altogether devoid of interest. Your Lordship is well aware, that one of the greatest advantages of a free government is, the liberty every one of its subjects enjoys of thinking freely upon questions of a public nature, and as freely publishing his thoughts to his fellow-citizens. This liberty of thought and expression, while it gives to the state the benefit of individual sagacity and experience, at the same time relieves the legislature from the heavier half of its burthen—that of devising measures for the general welfare. The only difficulty left them, and that no trifling one, is the choice from among such, as vanity, selfishness, or public spirit, will always suggest in
perplexing

perplexing abundance. In making this choice, the legislature must follow the dictates of truth, and suffer neither the clamours of misguided ignorance, nor the sophistry of arrogance or self-interest to divert it from a steady course towards the good of the commonwealth. To this its views must always, in a well regulated society, be directed; and, though it may for a while be deterred by popular violence and party spirit, or seduced by the artifices of designing or self-deluded men, to this it must always have a strong natural bias, which, in the end, will be sure to overcome all partial obstructions. But it is the business of those, whom merit or fortune has placed at the head of affairs, to smooth its way by levelling artificial, and avoiding natural obstacles; not to wait till the irresistible march of human destiny shall enforce a tardy compliance with her decrees, but rather to herald her approach, and give timely warning of her coming to the nations.

By some means or other, however, it constantly happens, that our statesmen are greatly in the rear of events. This can only be accounted for by the circumstance, that so much of their time and attention is engrossed by the detail of office, and the management of petty, local interests, as to leave them little leisure to speculate on the probable consequences of the measures they are persuaded or impelled to adopt, or even to weigh, with tolerable accuracy, the motives of those,

with

with whom they originate. It behoves all thinking men, therefore, to give their earnest and unceasing attention to whatever is proposed to, or adopted by, the legislature; and continually to thrust their observations and reflections upon the notice of the government and the people; and, unasked, uncalled for, to offer their speculations and opinions, in a manner the most intelligible to the general ear.

At the present moment this is more particularly necessary; for the occurrences of the last eighteen months have so suddenly and essentially altered the mutual relations of the European states and kingdoms, that a total and immediate change of policy, both foreign and domestic, has become absolutely indispensable. Such a change can never be effected, without imminent hazard, and must needs require the hand of a master to regulate. As long as events roll on in their accustomed course, very ordinary talents are sufficient to pursue a system already organized. The turnpike road any one has wits to follow. But when, by some unnatural convulsion, the whole frame of policy becomes disjointed, and in need of thorough repair or radical alteration, it is then that the abilities of the true statesman shine forth, "*tunc animis opus, tunc pectore firmo.*" Such a convulsion we have witnessed within these few months, and it is no wonder we are taken un-
 awares. Upon your Lordship, and the other mem-
 bers

bers of government, has devolved the arduous task of guiding the machine of government in an emergency, to which history furnishes no parallel and no landmarks of example to direct you. Fervent wishes and prayers for your success will not be wanting; and you may securely count upon the hearty support of an intelligent and energetic nation.

But, ere the general tumult of exultation has subsided, or any steps have been taken towards the change of policy that circumstances have rendered necessary, the work of innovation has already silently begun, and the system we have so long pursued is, of itself, approaching to dissolution. The legislature has been loudly called upon to interfere, in a quarter, from which no danger was apprehended, and which did not appear to need their interposition. During a long series of wars and continual exclusion from commercial intercourse with our continental neighbours, the depreciation of money in relation to commodities was going on rapidly increasing in the home market, till the prices of every article of necessity reached an elevation, out of all proportion with those in the markets of our neighbours. The causes of this depreciation were various and complicated, and I shall not now inquire into them. Of the effect we can all form a pretty correct estimate. The necessities of life grew enormously dear; the wages of labour advanced in proportion; and luxuries at least kept pace with the rest. The whole

whole produce of the country, in short, whether commercial or agricultural, progressively attained prices, far exceeding what were to be found in any neighbouring country. These two kinds of produce have long enjoyed a monopoly of the home market; which has been closed by positive enactments of the legislature, and prohibitory duties against the introduction of foreign manufactures; while the monopoly enjoyed by our domestic agriculture has depended * entirely upon the interruption of intercourse with the nearest corn countries of Europe, and the risk and expense, especially in time of war, when freight and insurance were at the highest, attending the transport of a bulky and perishable article, eternally fluctuating in every market, from natural and unavoidable causes.

The late total change, however, of our political relations, holds out to Europe a prospect of long and general repose, and threatens, unless the legislature interfere, wholly to † destroy the monopoly enjoyed by agricultural produce, while that of the merchants and manufacturers remains,

at

* That is to say, so much of it, as enabled wheat in the home-market to rise much above sixty-three shillings the quarter, below which price the prohibitory duty, by the existing regulations, takes effect—a rate that has long ceased to be efficient.

† This is to reduce it to sixty-three shillings the quarter, which the agricultural interest will consider little short of destruction.

at least, in the home market, in its full vigour. The opening of the neighbouring continental ports has already made a great reduction in the price of the necessaries of life, which form the bulk of agricultural produce, and of course regulate the price of the whole, and will no doubt speedily bring that produce to something like a level with its price in the continental markets, where little or no such depreciation has taken place, and where the value of money has for the last twenty years been rather on the increase.

The landholders and agriculturers have quickly taken the alarm, and proceeded, without delay, to urge the legislature to stop the progress of, what they conceived and felt, an evil of the first magnitude. But, what they naturally consider fraught with ruin and destruction, is looked upon by the commercial and manufacturing interests as the object of their most devout wishes, and highly conducive to the prosperity of the state. The pretensions and arguments of both sides have been advanced with a vehemence proportioned to the importance of the question, but certainly ill-suited to the fair and beneficial discussion of its merits. Many of its principal bearings seem to have been overlooked in the heat of debate, and the parties most interested to be the least acquainted with its real nature. It is, however, of such infinite importance, that we cannot be too cautious of precipitate decision. All sudden changes must be pre-

judicial

judicial to some party, as well as advantageous to another. The legislature can interfere only to moderate the violence of those changes, which might else subvert the whole frame of society: it can never altogether remove the necessity of individual sacrifices, though it may often lessen the weight, by a more equal division.

The present question is one of peculiar delicacy. Whatever regards the subsistence of our very numerous population must needs be an object of concern to every body. It cannot, therefore, be touched upon by the legislature without extreme hazard. Those, who are the least capable of judging correctly, are the first to see the effects, and the loudest in their clamours of discontent. The mass of the people must be convinced of the necessity of any measure intended to affect the price of subsistence, before it can safely be adopted; and this is no easy matter, where prejudices are rooted and inveterate. There is, however, such innate force in truth, that she has only to be shewn in her native colours: common sense must immediately recognize her. But the refinements of modern policy have long since shut the door against simplicity; and truth now comes before us, when she comes at all, so encumbered with meretricious additions, that it requires something more than common sense to point her out amidst the crowd of impudent pretenders.

It is with an earnest desire to simplify, in some degree,

degree, a question of considerable perplexity and great national importance, that I have committed to paper the result of much serious reflection. If I have argued upon erroneous principles, or inferred conclusions not warranted by my premises, I doubt not to do the public the service of provoking some abler pen to refutation: At any rate, the more the question is agitated, the more lights of information will be thrown upon it, to guide us in a situation of no common difficulty.

The proposed alteration in the Corn Laws professes to have in view the keeping up of the money price of that article, by granting to our domestic cultivation a kind of monopoly, so qualified, as to admit of the introduction of foreign produce in times of scarcity; but, in seasons of tolerable abundance, give to our own advantages almost amounting to an exclusive supply of our consumption.* Into the justice of such a monopoly I

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shall

* Neither your Lordship, nor any reasonable man, will doubt Mr. Rose's authority in matters of practical calculation. According to that Gentleman's statement, the average import above export for ten years, ending 1811, including two of great scarcity, was but 586,814 quarters; little more than enough, according to the fairest calculation, to feed half a million of people, and therefore little more than one twenty-fourth of our own produce of that article: a deficiency which might be supplied by a very small increase of agricultural improvement.

shall not inquire, nor into the * reasonableness of the rates proposed ; they indeed may be varied at pleasure. I shall only consider the consequences likely to result from the sudden rise or fall of that commodity, upon the different classes of which society in this country is at present composed ; and, as corn, in one way or other, furnishes subsistence to the great mass of the population of Great Britain, and must consequently regulate the prices of all other articles of subsistence, I shall treat the rise or fall of the price of corn as the rise or fall generally of the price of all articles of subsistence.

In the first place then, I consider the whole mass of the British people as reducible into five grand classes or divisions. The labouring class—comprehending all such as depend on their labour only for support, and, of course, comprising in every country

* It will not be denied, that, if the prices latterly proposed and rejected as a basis were fair and reasonable, the proposed method of levying the duties on import in gradation was an improvement on the present system ; according to which a prohibitory duty is imposed, when wheat is below sixty-three shillings the quarter ; and a duty of only 2s. 6d. and 50 per cent. thereon (*i. e.* 2s. for war duty, and 2s. for the late advance on imports), making together 3s. 9d. when the price is above 63s. ; and of 9d. when above 66s.* Allowing for the superior quality of English grain, the average prices for the last four months will be found to have greatly approximated to this latter standard.

country the great bulk of the population. The servants of the public—in which class may be numbered, all who are in the direct employ or pay of the public, whether in a civil or military capacity. The commercial class—to which I consign all those who draw revenue from any branch of commerce or manufacture. The agricultural class—consisting of all such as draw revenue in any shape from the possession or cultivation of land. And lastly, the class of funded proprietors. To one or other of these classes, often to several or more than one at the same time, every individual in the community belongs; and, though they are so connected and interwoven one with another, that few can be said to belong exclusively to but one of these classes; yet, to the eye of legislation, they must always appear distinct and jarring interests, which require constant care to adjust and manage with impartiality.

Of the classes above enumerated, the first four have existence in every civilized society. The fifth is found only in those countries, which have adopted, what is called, the funding system—a modern invention, that has gradually crept into practice in almost every kingdom in Europe; though it has in none been so extensively practised, as in Great Britain. It is a class totally distinct from all the rest, and often has an interest directly opposite to the other classes of society, as I shall endeavour to shew in the sequel. Had
Great

Great Britain been free from her national debt, and had not her circulating medium been carried on for some years entirely on public and private credit, there could be little or no question at all on the present occasion. It would be easy to shew, that, of the four classes, of which society would, under my division, in that case consist, all would be benefited, though not in an equal degree, by the fall of the price of subsistence in the home market, to a level at least with that in the markets of our neighbours, except the agricultural; and that would in fact sustain no very serious injury.*

Let us consider this matter 'a little. The labouring class must at all times have the same object in view, the demand for its labour, upon the increase, decrease, or steadiness of which their comparatively comfortable condition entirely depends. Where the demand is pretty regular and stationary, cheapness of subsistence will occasion proportionate cheapness of labour; a circumstance, that, by encouraging more than any thing else the increase of arts, luxuries, and manufactures, has the strongest possible tendency to

* I shall presently endeavour to shew, that the paper circulation has been gradually enlarged principally in the progress of increasing the national debt, without which in fact, depreciation would probably have gone but a little way towards its present magnitude.

to create an increasing demand for that labour, and therefore to better the condition of the labouring class. The second class, of public servants, is indeed the least interested : this class, ~~is~~ is the business of all the rest to confine within as narrow limits as possible ; but their labour, like labour in general, must be paid for, if in demand, be the price of subsistence what it may. However, as the price of the labour of this class, especially in the higher ranks of it, does not vary so much or so rapidly as that of any other, if it has any interest at all, it is clearly on the side of cheapness of subsistence. The commercial class, on the contrary, is directly and largely interested in the cheapness of the necessities of life ; inasmuch as it naturally renders labour cheap in proportion, where the demand is tolerably regular, and, by enabling their produce to come cheap into the home and foreign markets, directly encourages foreign, and, by that means, indirectly increases the amount of home consumption.

The interest of the agricultural class, would be more questionable, and therefore deserves to be considered more at length. When the value of money is the same or nearly the same in the home and foreign markets, which would be naturally the case,* but for our national debt and privileged
paper

* In such case, depreciation could go no further, than was warranted by the higher prices people would be willing to
give,

paper circulation, nature itself gives to the domestic cultivation of each country advantages, which must always secure to it almost an exclusive supply of home consumption. If that consumption is enlarged, beyond the supply derivable from domestic cultivation, the price of articles of subsistence, which are the principal part of agricultural produce, must, in such a case, first rise at home, to hold out any prospect of gain to the importer. This rise will take place of itself, without the interference of the legislature, where society is in a natural state, and is the only advantage the agricultural class have a right to expect, from the increased wealth of the rest of the community. Now the enlargement of home consumption of the mere necessities of life, which form, as I said before, the principal produce of agriculture, can only be occasioned by an increase of population. Where the surface of the soil is limited in extent, the more inhabitants there are of that surface, the greater will be the value of that surface and of its produce. The interest of the agricultural class is therefore, in a natural state of things, to increase the population, which is most effectually done, by increasing the demand for labour; and this demand, as I have already shewn, depends

give, in consideration of the superior safety and comfort of living in this country; which, however considerable in time of war, would be trifling in time of peace and tranquillity.

depends essentially on the cheapness of subsistence in the home market, in comparison with the markets of our neighbours. Thus, in the absence of national debt and of paper circulation, the agricultural class would be limited to the natural advantages that the limited extent of our territory would give them, and could only hope for improvement in their comparative condition, from increase of population; while the three remaining classes would have a direct and immediate interest in this cheapness of the price of subsistence in the home, compared with neighbouring markets. This cheapness would, without any superiority of skill or industry, put any given country at least on a par with its neighbours; and, with the superiority Great Britain has acquired, would place her far beyond the reach of competition. Her agricultural and manufactured produce would go on rapidly increasing, and her power and wealth as a state, as well as the wealth and comfort of all the classes of society would be in a progressive course of improvement.*

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But

* Every interest would then have its play. That cheapness would tend to increase population and therefore benefit the agricultural interest. On the other hand, the cheapness itself would be an injury to that interest, but it could, in a natural state of things, have been no otherwise produced than by improved cultivation, which in itself is decidedly a great benefit to the agriculturers: every thing in short would regulate itself, and advantages and disadvantages be nearly balanced.

But the existence of the funded proprietors as a numerous and distinct class, together with the paper circulation before mentioned, will make a great difference in our calculations. Let us see of what this class consists, and upon what part of the community they are a burthen, and we may then be able to form some estimate of the degree, in which its existence operates to alter the common interest of the rest. The funded proprietors are a number of individuals, who, having in one way or other amassed a capital of enormous amount, have ceased to employ and render it productive themselves, and advanced it from time to time to the state, on mortgage of the annual national revenue. The national debt is in fact nothing more than a mortgage, and we may safely reason upon it in the same manner as on any other. A person in possession of an estate producing five thousand pounds per annum, mortgages it for fifty thousand pounds, paying to the mortgagee an annual interest of two thousand five hundred pounds. The mortgagor spends this sum so raised by mortgage—in what manner we need not inquire—suffice it to say, that, as much of it as he spends in improvements of the mortgaged estate may be presumed to make that estate by so much the better able to bear the annual interest with which it is charged: but such part as he spends on other objects remains a dead charge on the land, with no equivalent.

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In the same manner, such part of the national mortgage money or debt, (call it which you will) as has been expended directly or indirectly on improvements of the country (the national estate and the source of national revenue) and in a manner calculated in any way to increase its gross annual produce, must be presumed to have rendered it by so much better able to pay the interest of that mortgage money or debt: but all that has been squandered without increasing the annual produce, remains a dead weight upon the annual national revenue. Thus, if the mortgage remains of the same amount, and the annual produce or rent of the estate increases, the mortgagor grows richer without impoverishing the mortgagee: if the mortgage is enlarged, and the estate remains *in statu quo*, the mortgagor grows poorer, having a smaller residue of the rent or produce; while the mortgagee increases his property in the estate. But if the mortgage is gradually increased, and the estate at the same time increases in produce or rent in proportion, it is evident, that the mortgagor and mortgagee may remain in exactly the same relative situation; that is to say, sharing the produce or rent equally between them, and yet both be in the enjoyment of a larger income from the same estate: but that, if the increase of produce or rent exceed or do not keep pace with the increasing amount of the mortgage, the estate may become more or less able to defray the charge

upon it in any proportion, and the mortgagor remain in possession of a larger or smaller residue of produce or rent, or even of no residue at all.

This reasoning is applicable to the public, as well as to the case of an individual; and we may go on increasing our national mortgage, till the class of funded proprietors becomes possessed of the whole revenue of the state, leaving nothing to pay the wages of the second class or public servants. This is an extreme case, and, of course, supposes the state, considered abstractedly, to have arrived at a condition of desperate insolvency. Up to the present crisis, however, though our national mortgage has been rapidly increasing in amount, our national produce or rent has likewise been increasing, whether in any or what proportion is a problem, that may possibly never be solved. Thus much we know and feel, that the class of funded proprietors holds a mortgage of * twenty-two millions per annum upon the
annual

* By the annual statement issued from the auditor's department, it appears, that the total charge for interest of the uncanceled national debt and expenses of management, including the annuities, amounted in the year ending 5th January 1814, to £31,465,710. 11s. 2d. from which if we deduct the interest on the redeemed debt, and the charges of management—we shall find ourselves burthened that year with a charge of £22,135,042. 7s. 7½d. for interest on unredeemed debt and annuities. The subsequent loan has of course enlarged the amount.

annual produce of the national estate, which must be paid to this class by the rest.

But by which of the remaining four is now to be considered—the labouring class has been supposed to be in possession of no revenue, and to receive little more than bare subsistence and comfort, as the price of their labour. This class can therefore contribute no part. It is true, that they contribute their labour, but they would do the same in any stage of society, and it is a matter of perfect indifference to them, whether the mortgagor or mortgagee receive the fruits of their exertions. The second class or servants of the public are of themselves altogether unproductive, and a heavy, though necessary charge upon the productive part of society. Their labour is, as I have before observed, paid for like any other labour; but they are quite unequal to the defraying of any public burthens. It follows, therefore, that the interest of the national debt or mortgage is a charge upon the remaining, the commercial and agricultural, classes, who would naturally possess all the annual produce of the country, which is left as a surplus, after deducting the necessary expenses of raising that produce, that is to say the wages of the first or labouring class, and of the second class of public servants. To these two classes, the commercial and agricultural, must the legislature at all times look for the support of all public burthens whatever ;
for

for these are the only classes that ever possess a taxable revenue, and it will be allowed, that public can only be drawn from private revenue. The class of funded proprietors indeed may be supposed to possess a clear and taxable revenue, inasmuch as indirect taxes are laid upon consumption, and they are great consumers. Yet, as the whole of their revenues must in the first instance be taken from the surplus produce remaining in the hands of the commercial and agricultural classes, after the necessary deductions I have just mentioned, and therefore by so much reduce the consumption of these two classes, it must be evident, that the state can have recourse to those alone for any revenue at all.* The revenue they furnish constitutes the national rent; which is divided between the state, the mortgagor, and its creditors, the mortgagees or funded proprietors.

The mortgagees of the public revenue, then, are exactly in the same situation as those of a private estate. Their annual interest is fixed; the
sum

* From this consideration it naturally follows, that although the general luxury of the whole population cannot be increased but by an increase of gross production, yet the public revenue may be enlarged without such an increase, viz. by raising the same quantity of produce with a less quantity of labour, whereby the proportion of the revenue class to the rest of the community is raised, and with it the ability of the community to support a public revenue.

sum lent and to be repaid is fixed, every improvement or deterioration of the property mortgaged is an increase or diminution of their security. But the state, which levies the national rent or revenue, is not exactly in the situation of a common proprietor. In ordinary cases, the landlord has a right to get as much rent as he can for his estate—whereas the state is bound to take as little as it can help from its subjects. Practically, however, there is a strong similarity; for it generally takes as much as the subjects can afford. In a country like Great Britain, which, with a comparatively small population and extent of territory, holds the first rank in the scale of nations, and retains in her public employ a much greater part of that population, perhaps indeed a greater number, and certainly much better paid and appointed, than any country in the world, it is obvious, that the revenue required by the state for the wages of the second class or public servants, must bear a greater proportion to the gross revenue of the community, than in any other kingdom in the globe: in other words, that the state must demand from its subjects, for the public service, a much larger share of the gross annual produce of the community.

This has in fact taken place. Large, however, as this proportion* has always been, it has never sufficed

* We may form some estimate of the proportion or tithe demanded

sufficed for the annual expenditure during war. To make up the deficiency, we have resorted to the expedient of anticipation, and thus have gradually accumulated the enormous mass of the national debt. In time of peace, however, we have generally, though not always, limited our expenses to our income, and sometimes even gone further, and made some progress towards reduction of the capital of that debt. It is the object of our statesmen to do so on the present occasion: how far they will find it practicable we may be better able to judge after a full consideration of the corn question, which will naturally lead us to a pretty general view of our condition and resources. A large and immediate reduction may undoubtedly be made in the annual expenditure: to what amount your Lordship may perhaps be able to estimate with something like accuracy. We can only speak with vagueness and hesitation. Whether or not the nation can indulge a reasonable hope of being relieved from any part of its present burthens, and of being called upon for a less proportion of its gross annual produce for the service of the public, your Lordship is best able to judge.

For the sake of putting the case in the most favourable

demand by the state from the fact, that last year there was received by the Exchequer, exclusive of loans, a sum equal to a poll tax of £6 on the gross population of Great Britain of both sexes and all ages.

vourable point of view for the state, as considered
 to have a different interest from that of its sub-
 jects individually, I will suppose, that the annual
 expenditure is capable of immediate reduction,
 but that the taxes remain levied in the same
 proportion, that is to say, that the same share of
 tithe of the national produce continues to be col-
 lected. We must have some data to go upon.
 Our actual disbursements last year, exclusive of
 the interest upon the national mortgage, amounted
 to something more than sixty-six millions, our
 clear national income to above thirty-one mil-
 lions. Let us suppose, that our expenses for the
 next year may be cut short by the amount of the
 whole excess, of newly created debt the year pre-
 ceding above the debt redeemed. This will be
 a very great retrenchment, and bring the income
 and outgoings to a level; taking it for granted, of
 course, that the revenue, levied in the same pro-
 portion, will be equally productive. We shall, on
 this supposition, be able to do without further
 loans, and have an income of thirty-one millions
 to meet an expenditure of the like amount. There
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* The revenue applicable to the public service for the year
 ending 5th January 1814, appears by the same statement to
 have amounted to £31,284,752 17s. 1½d. exclusive of a sum of
 £35,050,574 17s. 9d. raised by loans and debentures. The gross
 receipts of the Exchequer, including sinking fund interest
 on debt, &c. amounted with the loans to the sum of
 £107,012,327 14s. 3½d.

will be also an annual sum of * twenty-two millions paid for interest on the national debt; from which let us strike out two millions for income tax refunded on the debt, and the gross national revenue will be fifty-one millions, divisible between the state and its creditors.

In this state of things, what would be the necessary effect of allowing a free importation of corn and other articles of subsistence of foreign growth? The answer is at hand—to reduce the price of those articles in some proportion or other; the more the better, says the commercial class; the less the better, says the agricultural. On this point they are at issue. What that proportion may be matters not to my course of reasoning; but, for the sake of calculation, let us take a fixed proportion, for instance one half.† The next question is, what will be the effect of such a reduction on the existing state of society, considering it as composed of the five classes above enumerated?

The

* In the gross £22,135,042 7s. 7½d. on 1st of February 1814, deducting income tax on the whole, something above twenty millions. It will be observed that if that tax is wholly or partly taken off it will enlarge the amount.

† This proportion is adopted for calculation and may appear needlessly high. But, according to Mr. Rose, the average price of the quarter of wheat for ten years, ending 1809, was 6s. 2½d. and that of eight years, ending 1813, 10s. 9½d. and of five years, ending at the same time, as much as 11s. 9½d. See that gentleman's speech and its valuable appendix. The price

The agriculturers will first begin to feel it; the whole annual produce of domestic agriculture being by this means immediately reduced to one half of its former money price. This class, then, will have but half the gross revenue it was possessed of before, to spend on consumption. Their gross annual produce has fallen in price to one half; their gross revenue therefore will be, of course, reduced in the same proportion. Some indeed may imagine it would suffer a still greater diminution, for this reason; that possibly the price of labour would not at the same time suffer a similar depression; so that, if this class continued to employ an equal quantity of labour, they would have less residue as revenue. There may be some truth in this position; but it will be recollected, that I suppose the labouring class to possess no revenue; if however their labour does not fall in price equally with subsistence, they will in fact have a revenue, and, *pro tanto*, will claim a place in the agricultural class, to which I have supposed all revenue, derived in any shape from land or its cultivation, to belong, and in whose service their labour is employed, and their revenue acquired. I may therefore fairly suppose, that the gross revenue of the agricultural class is by this reduction reduced to half its former amount. The produce

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price for these two or three months has been little more than 70s. !!

of the direct and indirect taxes, levied on that revenue, must consequently be halved likewise. For the more is taken by direct, the less will be left to meet indirect taxation; that, I mean, which is laid upon consumption. Thus much for the effects of this reduction upon the agricultural class.

The revenue of the agricultural, cannot suffer this diminution, without affecting, in a like manner, that of the commercial class, whose revenue is entirely derived from the produce of commerce and manufacture, and the consumption by the other classes of the luxuries and necessities they furnish.* The greater that consumption is, the larger will be their revenue. For that consumption they must look to the home market. Whatever is exported of our agricultural or manufactured produce must be paid for by the foreign consumers in some way or other, and the articles they give us in exchange brought back for home consumption.† This interchange

* That is to say, from the consumption by the other classes of the domestic manufactures, and of such foreign productions as are brought back in lieu of those that have been exported.

† It has been our constant policy to tax exports as little as possible. By this means whatever is exported and consumed abroad, without any return by import, contributes nothing to the state. The official value of exports for the year ending 5th January 1813, was £37,647,874 12 9

Of Imports 24,362,124 13 7*

The fire at the Custom-house has prevented any subsequent return.

* Exclusive of bullion, which was but imported for re-exportation.

interchange of commodities between different parts of the world, only adds to domestic wealth, inasmuch as, by creating new wants, and converting luxuries into necessities, it stimulates domestic skill and industry to greater exertions, by which alone these foreign luxuries can be obtained, and thus tends to increase the gross produce of the community, raised for home consumption, and for the purpose of being exchanged for articles of foreign growth to be consumed at home. This is the true and only value of foreign commerce to a nation. It renders the people more luxurious, that is to say, enlarges their production and consumption.

The commercial class must therefore, in the end, look to home consumption as the source of their revenue, which will of course rise or fall in amount, with the increase or diminution of that consumption. Now consumption necessarily depends upon the ability to consume, which again depends as immediately upon the relative cheapness or facility of acquiring the articles consumed. By lowering the prices of agricultural produce, the facility of acquiring that produce will be much increased to the other classes; the consumption therefore of that kind of produce might be greatly enlarged, amongst those classes who derived their ability to consume from any other source besides agriculture, provided these other sources did not fail or sustain a similar reduction

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in value, to what we have supposed has already taken place with regard to the produce of agriculture. Production however is only the source of any ability to consume ; this will hardly be denied. I have divided production into commercial (comprehending of course every branch of import and manufacture whatever) and agricultural. By the supposed reduction in price, the produce of agriculture is not at all diminished in quantity ; it has merely lost half its ability to consume commercial produce, if the price of the latter remains stationary.

Such a circumstance can never, in the nature of things, occur. For, as the revenue of the commercial class is derived from the consumption of its own produce by the other classes, the ability to consume, and consequently the consumption, in commercial produce of the other great productive class, possessing revenue, being reduced to one half, the revenue of the commercial class, and consequently their ability to consume both their own produce and that of agriculture, will also necessarily be reduced likewise. These two classes and the labourers they employ must always be the great consumers of all kinds of produce ; their respective produce will at all times bear a certain mutual relation ; and it is quite impossible, in this country, to lower the price of one without the other, except, by reducing the consumption of that, which is attempted to be kept up in price.

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The very object, indeed, which the commercial class profess to have in view, in their endeavours to reduce the price of all articles of subsistence and necessity, that is to say, of the bulk of agricultural produce, is, the proportionate reduction in the prices of their own produce, by which they hope consumption, both at home and abroad, may be enlarged, and their revenue thereby increased in amount. I will suppose (and, from what has been said above, it seems highly probable, if not certain), that the commercial class have their utmost wish; and that their produce* falls in price equally with that of the other great productive and revenue class.

This will put them both upon a par, and leave them just in their former relative position. Their respective produce will be the same in quantity, though its price has fallen to half, and their respective revenues, though amounting to but half the sum in money, will be of the same value in commodities and in reference to each other. In short, these two classes will stand exactly where they did before, notwithstanding that the annual produce of the country has been reduced to one half of its former value in money.

So much for the two classes possessing taxable revenue. We now come to the labouring class.

It

* Some branches of it may rise, some remain stationary; I mean, that the gross price of the gross commercial produce shall fall equally with agricultural.

It cannot be expected, that the above operations can be effected without a nearly simultaneous and equal reduction in the price of labour. No political maxim has been so firmly established or so generally admitted as this, that the condition of the labouring class in any given country can be bettered in no other way, than by an increase of the demand for their labour. I confess I see no reasonable prospect of such an increase from the late change of our political circumstances. There may be some little additional activity in one or two principal branches of manufacture for export; but there can be little or none of demand for agricultural labour, and the retrérenchment of public expenditure will very much reduce the demand of the state. It will, therefore, be at least fair, to say no more, if we consider the general demand for labour to remain stationary; in which case, the condition of the labouring class must be stationary also; in other words, their comforts will be neither added to nor contracted, and the same quantity of the gross produce will be set apart as the wages of labour. But, as this produce has undergone a general reduction in money price to half, the wages of labour also will amount to but half the former sum of money. However, even if the fall in the price of labour should not keep par with that of the gross produce, still it would make no difference in my course of reasoning. The comforts of the labouring class would indeed be extended,

tended, and their condition bettered; but, as the gross produce of the country has fallen to half its money price, and remains in amount the same, the more of it is given as wages for labour, the less will be left for revenue of the commercial and agricultural classes. I must repeat too, that, in my division of society, I have supposed the labouring class possessed of no revenue. The fall of produce would, in fact, be the rise of wages if they could remain stationary, and every addition to the luxuries of the labouring class, which such a rise would occasion, would of course be giving to them so much revenue, and promoting them, *pro tanto*, to a place in which ever of the two productive classes possessed of revenue has, by employing, enabled them to acquire that revenue.

These three classes would, therefore, by the general reduction of money prices, be left in the same or nearly the same relative situation, provided, that the state demanded of them only the same proportion of the gross produce, and made no alteration in the ratio of taxation. It is true, that there are circumstances in the condition of this country, which must make the operation attended with incalculable confusion. Of these I shall not at present make mention, but reserve them for future consideration. So far we have traced the effect of lowering the rate of subsistence, and found the three productive classes equally af-

fectured by the change, as they ought to be in the natural course of things.

There remain two other classes to be treated of; the public servants, and funded proprietors; that is to say, the state and its creditors. Let us see how this change would operate upon them. The gross commercial and agricultural produce, having fallen in price to one half, and remaining the same in quantity, if the state takes the same tithe or proportion, that also, though consisting of the same quantity of produce, will experience a similar fall in money. The direct taxes, which are levied *ad valorem*, will of course of themselves be immediately reduced, and those levied indirectly, that is to say, on consumption, which are for the most part fixed duties of so much on such a weight or measure, must at the same time be proportionably lowered, or one of these two consequences, or both together, will of necessity take place; either, that the rate of taxation on consumption is *bonâ fide* raised, or, that the consumption of the productive classes of the articles liable to such taxation is reduced in proportion. Suppose, for instance, a yard of cotton goods, at the present prices, costs three shillings, whereof one is taken as the tithe of the state, leaving two to the manufacturer as his share of the gross price paid by the consumer. If, by the supposed reduction of money prices, the same may be bought

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for two shillings, of which the State still takes one, the ratio of taxation in this article is raised from one-third to one-half of the gross price, and that part, which the manufacturer receives, and out of which he is to make a revenue and pay for his own and his servants' labour, is in fact reduced to one half, thus keeping pace with the supposed fall of agricultural produce, while the gross produce to the consumers, that is to say, amongst the rest, to the commercial and agricultural classes and those they employ, instead of being reduced to one half, amounts to two-thirds of its former price. This would clearly not benefit the commercial class, and materially lessen the ability to consume, and consequently the consumption of the three productive classes, from which very consumption the State derives so great a part of its revenue.

To prevent such an effect, it will be necessary, that government should, with the greatest care, keep the fixed duties on consumption on a level with the general reduction of money prices, and that, when the share of gross price received by the manufacturer falls from two shillings to one, the State should at the same time lower its demand from a shilling to sixpence. Otherwise, the ratio of indirect taxation will be effectually raised, and the consumption of the productive classes lessened most materially.

These classes, however, have a right to expect their burthens will not be increased by a change

from war to peace, and the utmost that can in reason be required from them is, that they will continue cheerfully to submit to such a ratio of taxation, as the exigencies of an inveterate and popular war could scarcely reconcile them to. That I am viewing the question most favourably to the State, when I suppose it can still levy taxation in the present ratio, I think even the Chancellor of the Exchequer will readily admit. The direct taxes "will" soon regulate themselves; but it will require some skill to keep indirect taxation in its present ratio, during a rapid reduction of the money prices of produce. Yet this must positively be done one way or the other, either, by reducing the rate of direct taxation, and leaving the subjects more to spend in consumption, or, by lessening the duties on consumption; else there will be an end to my supposition, that the tithe of the State continues to be taken in the same proportion. Let us, as we have a right to do, take it for granted, that this course will be adopted. It will necessarily follow, that the public revenue must consist of the same quantity of produce, but will, like that produce and the revenues of the commercial and agricultural classes, be reduced in money to one half.

This general reduction of money prices then, would leave the labouring, commercial, and agricultural classes nearly in their former relative position; that is to say, possessed of the same
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proportion, as they received before, of the gross annual produce of the country. The gross revenue of the State, in the mean time, though an equal burthen to the community, being levied in the self same ratio, will reach only half its former amount in money, and instead of fifty-one millions divisible between the State and its creditors, which was last year produced, will bring into the Exchequer but twenty-five and a half in the gross for the maintenance of the public servants, and defraying the interest on the national debt. Of this sum, the funded proprietors will not be content with receiving the same proportion as before, but inexorably exact a clear annual interest of twenty millions.

Thus the state will have a residue of no more than five millions and a half, $\frac{1}{6}\frac{1}{2}$ parts of its former revenue in money, after paying the interest of the national debt, and only $\frac{1}{3}\frac{1}{4}$ of its former revenue in produce; whereas, even after making the very great retrenchment I have above supposed to have been made, it will require, at the reduced money prices,* the sum of fifteen millions and a half to meet the reduced annual expenditure.

* That is to say, half thirty-one millions, which I have supposed might suffice for the next year. It would, in fact, require much more; for there are several branches of its expenditure that could not be reduced at all without the greatest danger. The pay and half-pay of the navy and army, for instance, which

We shall, therefore, be under the necessity of either confining our expenditure within these very narrow limits, and curtailing it by ten millions of national produce at the reduced prices, after lopping off its former excess above the income, or of imposing on the productive classes additional burthens, to make up the deficiency; a measure they cannot be expected much to relish. While the funded proprietors have quietly stood by, and reaped the whole benefit of this reduction of money prices. Their incomes are fixed and invariable; the fall of money prices to one half is the rise of their incomes to double their former value. Such a fall would at once double the national mortgage in real value, and leave the State, the mortgagor, in a condition little short of beggary.

The question, therefore, which has been so warmly agitated between the commercial and agricultural interests, is, in fact, of far greater concern to the State and its creditors. They are the parties really interested, and they have hitherto taken the smallest share in the discussion, leaving the

no state can safely attempt to reduce, though it may curtail its establishment ever so largely. It will be observed, I have taken no notice of the sinking fund throughout, supposing it to be applied to the public service, instead of being employed in redeeming the debt, at the same time that it is enlarged to the same amount, by negotiating fresh loans. In fact, the reduction of money prices would affect the gross receipts of the Exchequer, including the sinking fund.

the rest to fight it out between them. It is worth the attention of the legislature to consider it a little in this light, before they pronounce a hasty decision ; the effects of which may be so important.

In the position I have hazarded, it will be observed, that I have supposed the same rate of taxation to remain, and to be productive of but the same value, in commodities, to the State, though the amount in money should fall to one half. Whether the people will quietly submit to the same burthens in peace, that they have groaned under during the course of a long, inveterate, and extremely popular war, I do not pretend to determine ; it is for his Majesty's ministers to try the experiment, if they think it necessary, or are bold enough to do so. But I have made the supposition, with a view to put the case as strongly as possible in favour of the State. If that rate is diminished, by a less proportion of the gross national produce being demanded for the public revenue, and the fall of money prices takes place at the same time in the ratio I have, for the sake of calculation, adopted, the deficiency of the public income will be still more glaring ; unless it be shown, that the other part of the supposition I have gone upon is unfounded, namely, that the same rate of taxation will continue to be only equally productive, and, so far from it, that a lower rate of taxation will bring into the treasury
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of the State a greater quantity of the produce of the community, than the higher rate. Now this cannot possibly happen, except by the increase of our annual productions in a very astonishing degree. For if, as I have supposed, the gross amount of those productions remains the same, and the State takes from its subjects a certain proportion, say one-fifth; if that proportion be diminished, and be reduced, say to one-tenth, it is evident that, to make the levies under the latter rate but equal to those under the former, the gross amount of the annual produce of the country must be doubled. I have made use of striking proportions for the sake of perspicuity: they may be varied at will; the result will always correspond.

It is worth while, however, to consider more closely, how far we are warranted in calculating upon any great immediate increase of our annual national produce. And, first, of the agricultural part of it. The reduction of the price of corn and subsistence in general, that is to say, of nearly the whole produce of agriculture, will, in the first instance, be felt by the agricultural class; though, as I have before endeavoured to prove, by no means exclusively, and will, of course, operate as a severe check upon domestic agriculture. Much confusion will arise in the relations of landlord and tenant, which it will take a long time to adjust: in the interim, we can hardly reckon upon

upon much improvement in cultivation, or any addition to the gross annual amount of this source of production.

From the commercial source we are, therefore, taught to expect this prodigious increase; the natural consequence, as the sanguine amongst us imagine, of the extended market a state of peace offers to our industry. It is most true, that every addition to foreign consumption is an addition to home consumption, inasmuch as, for every thing exported, something must be given by the foreign consumer to be brought back and consumed at home.* Thus foreign and home consumption are, nationally speaking, nearly the same thing to the community; an increase of the former being, in fact, nothing more or less than the means of increasing the latter. We may, therefore, speak of consumption generally, without specifying which. It is evident, that production cannot increase without consumption; they must necessarily go together; one implies the other. Neither can consumption increase without production, on which depends the ability to consume. This has
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* That is, in a natural course of trade. The foreign expenditure of the State, as well as of revenue individuals, may indeed make the exports greatly exceed the imports, as they did in the year ending 5th January 1813, to the amount of more than thirteen millions; the whole of which was, therefore, consumed abroad, with no drawback to the Exchequer, by indirect taxation.

been before stated, but I am anxious to clear my way as I go, even at the risk of tautology or repetition.

Now, as no increase of agricultural produce can be expected, the ability to consume of the class dependent upon it, even supposing the prices of all kinds of produce to have fallen together, and to keep pace with one another, can but remain stationary at the best. This great vent for consumption of commercial produce,* the
value

* The value of foreign commerce to the community at large, has always been greatly over-rated. Indeed, it is acknowledged on all hands, that the luxuries and commerce of a nation may be prodigiously increased by domestic means alone, and perhaps in the most beneficial manner. From the following rough sketch, we may form some estimate of its comparative consequence and proportion to the general wealth in Great Britain.

Our population is rated at about twelve millions. Let us suppose the balance of import of corn above its export (which Mr. Rose states, on an average of ten years, from 1801 to 1811, including two of great scarcity, at 586,814 quarters) to be consumed by half a million. The consumption is calculated to exceed one quarter per head, which at £6 the quarter (about the average price of the last three years), will make the gross price to the consumers of that branch of agricultural produce alone amount to seventy millions. We cannot rate animal food, hides, skins, wool, grain of other kinds, pulse, potatoes, and other vegetable productions, at less than as much more, nor the timber, bark, and mineral productions of all kinds (which, in an unwrought state, must be reckoned as a part of agricultural production), at less than forty millions. Thus the gross value to the consumers of agricultural productions of all kinds amounts
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value and extent of which seems little attended to,
will by no means be enlarged by the change of
F 2 circumstances

to 180 millions per annum, at the prices of 1813. The commercial we cannot rate so high; for, although the number of hands employed in producing it is imagined to exceed considerably the number of those occupied in agricultural productions, yet there is little doubt the revenue class, in this branch, is not nearly so large a proportion of the whole number of hands employed, as in the agricultural; besides, it would be too much to suppose that luxuries had so far become necessities, that the whole population, one with another, spent as much on this branch of production as on the other, when we consider, how small is the consumption of luxuries by all children under twelve years of age, and women, in the lower classes of society. It is, however, indisputable, that our population is very luxurious in comparison with that of other nations. To flatter the commercial class, then, let us set down their produce at 150 millions, and the gross national produce will, at the high prices, amount to 330 millions to the consumers. According to this statement, the ratio of the gross revenue of the State, and its creditors, to the whole produce was, about $\frac{1}{16}$. The official value of imports for a year, ending 5th January 1813, was little more than twenty four millions, from which we cannot deduct less than four millions, for what was re-exported in *statu quo*, and merely touched here in *transitu*. The foreign articles consumed at home will then be but two-fifteenths of the gross commercial produce, and $\frac{1}{16}$ of the gross national produce. This, though a very rough sketch, may serve to shew of what comparatively small importance is our consumption of foreign articles, though exceeding that of any two countries of Europe united. It is, indeed, true, that these imported articles, when worked up here, form a much larger portion of commercial produce; and that it is chiefly from a part of them, after being wrought, that we
pay

circumstances—there remain two other vents for that consumption; the consumption of the commercial class themselves and foreign consumption.† The former depends wholly upon the other two vents: the ability of the commercial class to consume even their own produce, is derived entirely from other people's consumption of it, and, therefore, cannot be increased, without an enlargement of the other vents. No such enlargement is to be expected from the agricultural class, but a very great one is looked for from abroad. Let us see how we shall stand on that score.

Our manufactures, during the latter years of the war, have been almost entirely confined to the supply of the home market, and of the different European colonies scattered over the globe. To them the far greater part of our export trade has been

pay for the whole; for there are few articles of agricultural produce, except minerals (which are mostly exported in a manufactured state), that Great Britain could afford to export, since the great advance of depreciation. Still, however, it serves to shew, how great an influence the general fall of agricultural, must have upon the price of commercial produce.

† These two vents may, strictly speaking, be resolved into one, that is to say, the consumption of the commercial class and its dependents, of domestic commercial produce and imported luxuries. The consumption of the two unproductive, is in reduction of that of the productive classes, and by no means beneficial to them. I have, therefore, not noticed it.

been almost wholly confined for a long period, and from them the principal of our foreign luxuries have been brought back in exchange. The productions of the neighbouring countries of Europe are, with few exceptions, the same as our own; and it has hitherto been our policy to exclude, or check, by prohibitory duties, the introduction of such articles of foreign growth as could be raised as well, or nearly as well, at home. This single circumstance must always fix bounds to the commercial intercourse of the great European states with one another, and make that with countries in a totally different climate and in a totally different situation, political and geographical, infinitely more valuable and extensive.*

The colonial markets offer an unlimited scope to the British merchant. It is impossible to say how far the interchange of their produce for our manufactured produce might be carried; while the continent of Europe has few commodities to give us in return, and those, as we have managed it, of comparatively limited consumption. The three articles of tea, sugar, and cotton, are consumed in Great Britain to a much larger amount than the imports from all Europe put together.

Silk

* I would not be understood to combat Smith's principle, that home trade is the most beneficial of all kinds of commerce to a nation, but merely to express an opinion, that, of foreign commerce, the most valuable and improvable is that between countries differing greatly in natural productions.

Silk and wines are the principal luxuries of general use, for which we are obliged to her; and the consumption of these is very much confined by the oppressive duties imposed on them. Nor are we obliged exclusively to her for these articles. We can, and do import a great proportion of the former from the rich countries of the East; and wines have already begun to flow in upon us from one of our colonies, the Cape of Good Hope,* hitherto, indeed; in no great quantity, and by no means of the first quality, though in both these respects a considerable improvement might, no doubt, be effected. It stands to reason, that the more two countries differ in climate and productions, the greater is the possibility of expanding their mutual intercourse.

From these considerations we may judge of the importance and extent of the colonial markets to the British merchant and manufacturer. Of these markets we have for some time enjoyed a monopoly. The events of war have either thrown into our possession, or, at least, cut off from commercial communication with the respective mother countries, the chief in number and value of the European colonies in Asia, Africa, and America; and,

* This reference to the Cape wines may seem to carry an air of ridicule; but I merely wish to show, that, with the variety of colonies we possess in every climate, there are few productions, for which, with good management, we need be obliged to other nations.

and, since our rupture with the United States, we have exclusively possessed the carrying trade of the world. These monopolies and exclusive advantages are about to be broken in upon. The captured colonies will be for the most part restored to the parent states ; and the intercourse, which, by the chances of war and our dominion of the seas, has been long interrupted, will be now quickly re-established. Of our own colonies, indeed, we shall continue to monopolize the supply ; but in those we restore, or which revert to their former owners, it may be presumed the mother countries will follow our own example, and give to their domestic manufactures, if any such exist, the exclusive supply *of their own colonies* ; to those colonies the exclusive supply of the mother country with colonial produce, and to their own merchants and ship-owners the exclusive conduct of that traffic, and the carrying trade of such commodities as they are under the necessity of admitting from foreigners. Thus the trade of Great Britain with the French and Spanish colonies will probably be compelled again to pass through France and Spain, and be no longer carried on by Great Britain directly.

This will, of course, not only impede the consumption by those colonies, of such commodities as Great Britain alone can furnish, but will wholly deprive her of the supply of whatever can be got elsewhere

elsewhere at a cheaper rate. It must be remembered, that those countries of the Continent, whose markets are at length re-opened to us, are, next to ourselves, perhaps, the most manufacturing countries in the world. Most of them can produce some one article or other cheaper than Great Britain. While we have been shut out from their markets, they have at the same time suffered an equal exclusion from those of the colonies, and been compelled to consume at home their respective produce; and, either to do without, or, at any rate, to purchase at an enormous price, and introduce, by a circuitous route, the luxuries they had been accustomed to receive from colonial intercourse. They will now recommence a direct and profitable barter with the colonies, and in proportion as they extend their trade, that of Great Britain will be confined. We must expect a great and immediate reduction in the colonial demand for our manufactures, the only kind of produce that this country can afford to export. We have no native wines to give to the colonies in exchange for their native and agricultural productions. There, indeed, France has a decided natural advantage, which we cannot covet or deprive her of.

Our commercialists, however, console themselves with the prospect of an amazing demand on the continent of Europe, for such of our manufactures

factures as are at present unrivalled.* Perhaps they will find themselves greatly to have overrated that demand. Some there most certainly will be ; but I question whether it will at all compensate for the falling off in the colonial markets, which we have not yet begun to feel, hardly even to anticipate. The continent has so long been weaned of the use of what we have to furnish, that it has almost learned to do without. There is another and a greater difficulty to be got over. It has nothing to give us in exchange, that we have any occasion for, except such things as we have already in sufficient abundance, or have thought fit to load with duties nearly amounting to prohibition. Now it is evident, we cannot afford to export without a suitable return, nor to enlarge our exportation without enlarging importation at the same time.

By admitting corn and other articles of subsistence, we might undoubtedly enlarge our domestic demand and consumption of that † single
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* It is a notorious fact, that all who have exported manufactured goods to the continent since the opening of its ports, have been considerable losers. The principal export was of accumulated colonial produce ; but even in that the exporters were much disappointed. The articles of coal, earthen and hardware have met with somewhat better success.

† I take no notice of the danger of so doing, and thereby discouraging the cultivation of corn at home ; but it is necessary
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branch of continental produce, and thereby enable the continent to purchase somewhat more of our commodities: but this I shall endeavour in the sequel to shew, would, for the present, be attended with extreme danger; and I see no other considerable article of their produce, of which we could much increase the domestic use, though they are a few which we shall want in rather larger quantity, for the consumption of those colonies, of which we shall retain the exclusive supply.

On the whole, therefore, I am so far from thinking the general demand abroad for our manufactured produce will be much enhanced by the change of political circumstances, that I am inclined to fear it will be diminished during the course of the next two or three years. If such is the case, the foreign consumption of that produce will not be enlarged. I have shewn before, that the consumption of the agricultural class and
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turn your Lordship's attention to our ability to do without this expedient (vide note, page 11). We are not yet, as some would have us believe, become a mere nation of manufacturers for other nations, and dependent on them for subsistence in exchange; as were Venice, Holland, and some other small states. Our industry is mostly employed in feeding home consumption (see note, page 42), and our agriculture, with an improved produce of $\frac{1}{2}$ would suffice for the maintenance of our population. Since then we are not yet dependent on others for subsistence, for God's sake let us remain so.

its dependents, at home is not likely to be enlarged ; consequently, the ability to consume, and therefore the consumption of the commercial class and its dependents, which is wholly derived out of, and relies upon those two sources, cannot be enlarged. " Thus, as consumption and production must go hand in hand, we have little reason to expect any great or immediate increase of the gross production of the country ; without such an increase, however, it is, I think, manifest, that a general reduction of money prices must necessarily be followed by a general reduction of the money amount of the public revenue, if that revenue continues,* as we may fairly suppose it will, to be levied in the same ratio.

Let us pause a little and take a review of the conclusions that may be drawn from the foregoing considerations. The fall of the money price of corn, will naturally occasion one of equal, or nearly equal, degree in all other agricultural produce. This depression of agricultural, will soon affect manufactured and commercial produce, both in the home and foreign markets, (at least so the commercial class profess to hope and expect), and occasion an equal depression, if not of the whole gross price to the home consumer, certainly of that part of it which goes into the pockets of the producers. The residue, that part I mean which is levied for the public purse, either continues to be levied at the same rate in money, as at present,

or is lowered, as I have before stated, proportionately with the depression of the other part. In the first case, the state will take a larger proportion of the gross annual commercial produce, and thereby increase, instead of diminish, the burthens of the commercial class, and oblige both that and the agricultural, with their respective dependents, to reduce the amount of their consumption of this kind of produce. I have therefore adopted the second case, as the most fair and reasonable, and supposed, that the same tithe of the whole national produce will be demanded for the state, the *ad valorem* duties remaining untouched, but naturally and spontaneously falling in their produce, together with the general reduction of prices; and those not levied *ad valorem* being carefully lowered, so as to keep pace with that reduction. The demand for labour continuing the same, (which will be viewing the question in the most favourable light, when we take into calculation the number of public servants thrown out of employ), the same share of the whole annual national produce of all kinds will be given for it. Thus, the price of labour will still keep its level, and the condition of the labouring class remain relatively the same.

It is evident, therefore, that in the present circumstances of Great Britain, the reduction of money prices will be of little benefit to the commercial, agricultural, and labouring, that is to say,

say, to the three productive classes. The public burthens will bear equally heavy on the two former, while the wages of the latter will purchase the same quantity of commodities as before.

In the mean time, this change has made a wonderful alteration in the relative condition of the State and its creditors; the income of the former is reduced to $\frac{1}{3}$ of its former value in commodities, not by reducing the ratio of taxation, but simply by the fall of money prices in the home market; while that of the funded proprietors can purchase double the quantity of commodities. The latter will still amount in money to twenty millions, leaving but five millions and a half in money for the former, instead of fifteen millions and a half; the half * of what I supposed might suffice for the public service, after curtailing the expenditure by the whole amount of the last year's excess of debt created, above the debt redeemed, (no inconsiderable retrenchment).† If we divide the sum expended last year by two, to meet the supposed fall of money prices, and compare the product with this reduced revenue, we shall find the State possessed of an income of less than $\frac{1}{3}$ of its last year's expenditure; and this too, though the burthens of war still cling to the shoulders

* To meet the supposed fall of money prices to half.

† A retrenchment of nearly twenty-three millions.

shoulders of the people, with the sole consolation that no annual addition will swell the monstrous heap.

Let the advocates for the reduction of corn prices consider seriously what they are about. All other prices must naturally fall in proportion.* The funded proprietors will indeed benefit largely and solely; but, unless it be thought that a retrenchment in the public expenditure can be effected in the ratio I have stated, it is to be apprehended, new sacrifices will be called for, and that too, from a quarter where they are least expected, and will be most unwelcome—I mean from the commercial class. They stand foremost to meet the shock of taxation: through them government makes all its indirect attacks upon the rest of the community. A fall of money prices will wonderfully facilitate its approaches; and will, of itself, have

* This fall will neither be equal nor immediate. In a country where there is a very minute subdivision of labour, and consequently a great many middlemen, between the producer and consumer, it evidently cannot proceed so fast as when there are few intermediate steps. These middle men have all an interest in keeping up the prices to the consumer, notwithstanding a great reduction of those they pay to the producer. It is then precisely that their profits are the greatest, and these they will not forego, till they find the inability of their customers to consume the same quantity, without a reduction of prices, threatens to abridge their traffic, and compels them to relinquish their extraordinary advantage.

have the effect of raising the rates of such parts of taxation, as are not levied *ad valorem*, as is the case with most of the taxes upon consumption, which almost exclusively affect commercial produce. Government has nothing to do but to rest on its oars, and let the duties, levied by the tale and not *ad valorem*, remain *in statu quo*; (a measure that would at first occasion little odium or outcry, as its effect will not be immediately perceived), and the business is done. As I have before endeavoured to shew, whatever fall might then take place in that kind of produce, would descend entirely on the commercial class, and the agricultural would be unable, by continuing their former consumption, to share with them the additional burthen in an equal degree.

Hitherto, the annual produce of Great Britain has been gradually on the increase, and her national rent or revenue has of course advanced together with it; but the increase of her debt has proceeded much more rapidly. If we could but stop the increase of debt, it is confidently hoped, the increase of produce might in time overtake it. We must however recollect, that a rise of the value of money, in reference to commodities, produces exactly the same effect as would be occasioned by an increase of the amount of that debt, while money and commodities preserved the same relation to each other. Though we were to desist altogether from borrowing, our debt might in this way

way be prodigiously magnified. If, for instance, money should become of twice its present value, this would at once double the national debt in fact; and the interest of it, instead of being twenty, becomes worth, in produce and commodities, forty millions. One or two years of peace may thus, without improbability, be imagined to swell the sum of our national mortgage as much as ten or even twenty years more of such a war as that we have just put a period to.

The rise in the value of money, in reference to commodities, is infinitely quicker in its operation than the gradual accumulation of debt, by contracting fresh loans, however large they may be, and however frequently called for. If then, while by the borrowing system we were swelling the amount of our incumbrances in a regularly increasing annual progression, we could not contrive to make the progress of increasing national produce keep pace with it, but were continually obliged to impose fresh taxes, and demand a larger portion, *ad valorem*, of the gross annual produce, to meet the increasing interest of an increasing debt, and this too, when we possessed the entire monopoly of the colonial markets,—when the folly of the American Government had thrown into our hands the carrying trade of nearly the whole world,—when the ports of Asia, Africa, and all America, except the United States, were open to us alone, (an exclusive benefit, that gave us more than

than an equivalent for the exclusion we suffered from those of Europe,*)—when the very prodigality of the public expenditure operated most strongly to increase our annual production and consumption, by disgorging in the consumption of the public servants the sums raised by taxation and loans, and paying away with one hand what was received by the other,—how can we expect, that, under the most favourable circumstances, the increase of production can, by any exertions, be made to keep pace with the infinitely more rapid enlargement of our debt, that a rise in the value of money would infallibly occasion?

It may, indeed, be asserted with some degree of truth, that the consumption of the funded proprietors, or creditors of the state, will have the same efficacy in encouraging the increase of production as that of the state itself.

This deserves a little consideration. In the first place, it is by no means certain that, should the value of money be increased, the same propor-

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* The mistake in the policy of Napoleon towards this country was this, that he supposed, by excluding us from the ports of the continent, and forcing us into a quarrel with America, he might starve our population and stop the sources of our commercial wealth. The event has sufficiently proved, that the former only enlarged our trade by giving us a monopoly of the supply of European articles to the rest of the world, and the latter put us into possession of the monopoly of navigation.

tion or title of our gross national produce will suffice for the joint consumption of the state and its creditors. But taking it for granted that it will, and that the only question is between the state and its creditors, respecting the proportions of the gross revenue assigned to each, still I cannot think the consumption of the latter will be nearly as beneficial to the country as that of the former. The tendency, which the consumption of these two classes, both of which, considered in the abstract, are wholly unproductive, has to refund amongst the productive classes, the sums extorted from them, is, at the best, but a palliative, not a remedy for taxation. Its effect, no doubt, is to increase the amount of production, by adding the stimulus of necessity to productive industry; but the effect of all taxation is to enlarge the number of the unproductive, at the expense of extraordinary diligence on the part of the productive classes. Were the produce, consumed by the former, to be left for the consumption of the latter, it would probably quicken the progress of production in a much greater degree, by leaving to the productive classes the fruits of their increased diligence and skill, instead of compelling them to exert those qualities for the benefit of others. This palliative operates to enlarge the sum of production, by making increased exertion necessary, not beneficial, to the producer.

Such

Such as it is, however, it is applied far more efficaciously by the State, than it would be by the funded proprietors; inasmuch as the one is always a spendthrift, and the other always, considered as a body, parsimonious. There is unquestionably no class of society, that understands so well the system of accumulation by saving, not by getting: the latter method is indeed quite out of their power, and therefore it is excusable in them, if they adopt the former, which is by much more certain. On the annual savings of this class Government has confessedly for a long time in a great measure depended for the loans they have annually negotiated. If the discontinuance of the borrowing system leaves no vent for these savings at home, it is probable they will either be sent abroad to seek a better market, or that the owners of funded property will many of them spend their incomes abroad; in which case so much produce will be actually exported from the country, with no return whatever for home consumption, from which the State might derive a revenue by indirect taxation,* or they will be spent here in luxuries and baubles of foreign growth and manufacture; whereas the ex-

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penditure

* Suppose an extreme case, that all the funded proprietors spend their incomes abroad, the State must then raise from the rest of the community the whole revenue they now derive from the consumption of that class.

penditure of the state must of necessity be made almost exclusively upon domestic productions. The consumption of the State is therefore far more beneficial to the productive classes, than that of the funded proprietors.

I do not mean to throw out insinuations to the prejudice of a particular class of individuals; and would by no means be understood to entertain a worse opinion of the funded proprietors than of any other body. I am merely stating what must happen by the natural course of things. My only object is to have the question fairly agitated and clearly comprehended, in all its bearings upon the different classes of society, before the course we are to pursue is finally decided upon.

But the same point of view does not suit all observers. To many my statement may seem not sufficiently clear: perhaps it may be more intelligible in the following shape.

A society far advanced in luxury and refinement may always be divided, in reference to the division of property, into lenders, or capitalists, who have advanced money on public or private security—borrowers, whether the State or individuals, who have taken up money on security—and—neutrals, as I shall call them, namely, such as either have no capital at all or credit to borrow, or, having a capital, have neither lent nor borrowed, but keep it in their own management, and employ and render it productive themselves.

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The rise or fall of the value of money is to society, under this classification, a matter of vital importance. It is obviously the advantage of all lenders, whether on public or private security, that money should rise in value as much as possible; which can only be effected by the general cheapening of all kinds of produce. A capital lent on interest being fixed in its amount, and producing a certain definite return, the more or less commodities that capital or return will purchase in the market, the richer or the poorer must the lender be. The advantage of the borrower is, of course, exactly the reverse: the dearer money is, the more difficult he will find it to discharge his obligations; or, which is exactly the same thing, the more produce he will have to furnish as an equivalent to the capital and interest, for which he has given security. To the neutrals it is a matter of perfect indifference, where they have no capital at all; and even where they have capital, if it is vested in stock or goods and not in money or specie, as long as their stock or goods may be exchanged in the market for the same quantity, as before, of stock or goods of a different description. The number of neutrals possessed of a capital in their own keeping in floating money or specie must, in every country, be inconsiderable, in comparison with those possessed of capital in land, stock, or goods of any other description. In Great Britain they are so few as not to be worth taking

taking into the account. Generally therefore, it may be said, that such a rise or fall of money is, to the neutrals, of little or no concern.

By way of illustration, suppose a landlord, whose farms are leased at will, has borrowed on mortgage a sum of money, the interest of which amounts to half his rents; if, by the rise in the value of money, his tenants can afford to pay him but half as much money-rent as before, the mortgagee is in possession of the whole produce of the estate or rent, instead of the half. A trader has borrowed money on bond payable in a certain time; if, during that time, the articles in which he deals have gradually fallen to one half their money price, he must repay to the lender twice as much of those articles, as he has or may have purchased with the loan. A farmer holding a long lease at a fixed rent, if the produce of his farm fetches in the market but half the price it did at the time he took his lease, will either be unable to pay the whole of his rent, or have twice the difficulty in doing so. Where a banker has discounted bills for individuals, if, by the fall in price of the goods, on the credit and anticipation of which those bills were issued, the issuers are unable to pay him, the holder, more than ten shillings in the pound, will find himself hard run to provide for the paper he has himself issued and circulated, in making the advance, on the fair calculation of being regularly repaid his advances.

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In all these cases, the advantage or disadvantage of the respective parties is self-evident.

The case of the public becoming a borrower is nearly analogous, except indeed in this one respect; that, where there is no national debt, and credit is not much employed as capital, the number of neutrals is usually very considerable: but as soon as these two have crept in, there are no longer, strictly speaking, any neutral capitalists; all other capitalists generally may be considered as having become jointly bound to the public creditors for the repayment of their advances with interest, however clear they may be individually of private incumbrances. They may all therefore individually, as well as the state in the abstract sense, be looked upon as more or less concerned to prevent a rise in the value of money, while the funded proprietors and all creditors in general have a strong natural bias in a contrary direction.

It is unquestionably true, that, to enable a commercial nation to enlarge the foreign consumption of its manufactured produce, low prices in the home market, compared with those of its neighbours, are of most essential service. But the situation of a debtor nation cannot be estimated by the common rules of policy. Where a large debt has been incurred during the existence of a great depreciation of money, it becomes a serious question, whether the state will gain more by the
extension

extension of the foreign consumption of domestic manufactures, which the lowering of prices may create, than it will lose by the increase of the real value and amount of its debt and the interest thereon. This is the true criterion by which we must judge of the expediency of reducing money prices. If it appear, that the balance will be on the side of loss, we can only consider the fall of prices as an evil, which Administration is bound to guard against, when it has the power of preventing it. This power is fortunately within our reach. The single circumstance of a small annual deficiency in the amount of the necessary articles of subsistence, enables government, by laying duties on importation, to keep up, almost at will, the price of that kind of produce, which necessarily regulates all others.

Hitherto, I have been endeavouring to shew in what manner a rise in the value of money would affect the relative situation of the state and its creditors to each other, and to the rest of the community. There is another point of view, that may be thought of much more general and immediate concern ; and that is, in what way it would operate upon the circulating medium, and, consequently upon the public and private credit of the country. In a state of society, where there is little or no credit public or private, the rise or fall of the value of money soon finds its level, without much violence to the distribution of property. But, in proportion as credit increases, the

the violence done by such fluctuations to that distribution grows more and more alarming. It is for this reason, that, in a nation, where credit is carried to the highest pitch, it is peculiarly the duty of government to watch over its preservation with unceasing care, and use their utmost efforts to break the force of those violent fluctuations, that no attention or foresight can altogether prevent. Else, they may some day or other carry away all the mounds and bulwarks of society it has cost so many ages to accumulate; leaving us to begin anew the work of drainage and embankment; and God knows if we should ever succeed in restoring the mass to its present firmness and consistency.

Of the effect of such fluctuations upon society in Great-Britain, we may form some notion, by reflecting on the simple fact, that the system of credit has been carried, in this country, to an extent perfectly astonishing to ourselves, and quite inconceivable to foreign nations. The whole circulation of commodities, in this rich, populous, and industrious kingdom, has been carried on, for some time past, by a circulating medium resting entirely upon credit: and, what is perhaps the most extraordinary circumstance attending this phenomenon, is, that our public and private credit have been so well established, as not merely to have supplanted the use of the precious metals, and been substituted to the same amount in their place

place in the shape of paper, but to have actually produced the very depreciation of money in regard to commodities, of which the commercial class complain and pray for the removal. This * depreciation could have taken place no otherwise, than by an increase of the circulating medium, out of proportion with the increase of our annual production; and is of itself a complete proof of the existence of that disproportion. For, what is it that makes money cheap in reference to commodities, but its plenty, compared with those commodities? all the taxes, the state could possibly impose, however they might increase the ratio of the tithe demanded of its subjects to the amount of the gross production could never alter the relation of money and commodities, unless the proportion of one to the other were varied. This is an established maxim, and needs no illustration. Now there are two ways of increasing the amount of the circulating medium; either, adding to its actual amount a quantity of similar materials, or, increasing the rapidity of their circulation,

* I speak only of the depreciation of money in respect so commodities, and do not mean to enter at all into the so much agitated question of the depreciation of paper, in regard to metal. A paper circulation, if kept within proper bounds, is much better, in a commercial country, than one of metal; but the danger is, least the state should become banker, and, when aided by particular circumstances, enlarge the quantity without moderation.

circulation, which must of course ~~have~~ exactly the same effect ; for it will hardly be denied, that the half of the present circulating medium would be quite competent to carry on the interchange of commodities at their present prices, if it could be circulated with twice the rapidity. In this country, both methods have been put in practice : we have not only substituted a medium infinitely more rapid in its circulation, but have, at the same time, been gradually enlarging the sum of it, till it has reached its present magnitude.

The legal currency of Great Britain is, in fact, the paper of the Bank of England. The whole circulating medium is composed of that paper, and the issues of private banking establishments, together with a quantity of government and private paper floating in the market undiscounted, and an inconsiderable sum of silver circulation, barely sufficient to break the rest into fractions. How completely paper has supplanted metal in this country, may be judged of by the singular circumstance, that, at the present moment, when corn and meat, and almost every article of general consumption, is gradually falling in price, **GOLD AND SILVER ARE FALLING TOO.** This would, in any other country, be considered as a perfect anomaly ; but, to us, is a mere proof that these metals have been converted from money into commodities again, and that our circulation is nearly independent of, or can be conducted without them.

But, let us see what is the amount of that circulation, and in what manner it is constituted, and then we may be enabled, in some measure, to estimate the effect, that would be produced upon it by a sudden rise of the value of money.

The quantity of Bank of England paper in circulation at present is about thirty millions.* This is, *bonâ fide*, the legal currency, and serves as a basis for the issues of private bankers, who are always liable to be called upon for it in exchange for their own. This liability must, of course, keep up a certain proportion between the two kinds, and will confine the private issues to such an amount, as may be found readily convertible into the other. By the returns and estimates made at the time the bullion question was so much agitated, it appears, that private paper then bore to the Bank of England paper the ratio of about three to two. Private credit was at that time at rather a low ebb, having sustained a considerable shock from the sudden depression of colonial produce, and the check given to our manufactures by the interruption of our intercourse with the United States. It has since recovered itself, and therefore cannot now be estimated at a lower ratio. We have thus seventy-five millions of circulating

* By the return in July, £29,532,900; and it is generally understood, that the issues are somewhat contracted previously to making the returns, that they may appear as low as possible.

culating notes of both these kinds in the market. Of the Exchequer bills the Bank of England is the great discounter, and therefore holder; to the amount, it is supposed, of sixteen or eighteen millions; but this is kept a profound secret, and considered as one of the arcana of that corporation, and cannot be stated out of doors with much accuracy. Of the whole sum of more than sixty millions of Exchequer bills, now said to be unfunded, we may fairly suppose fifteen millions to be floating in the market, and to form part of our circulating medium,* from the goodness of the security and the readiness with which they are received in payment, though they form by far the slowest part of our circulation. Thus we have altogether a medium of ninety millions of the most rapid circulation in the world, and wholly supported by public and private credit. †

But,

* It has been much doubted whether they can be considered as forming any part of circulation, being mostly used as deposits. That portion which has been discounted by private or Bank of England paper, certainly must be deducted. But, whatever the circulation may be composed of, some part must always be used as a deposit. In countries where it is entirely conducted by metal, no man of fortune can be without a large sum in cash in his coffers. I have therefore considered such part of Exchequer bills as has been replaced in the market by no other kind of paper, as a part of the circulation, and these cannot be estimated at less than fifteen millions.

† I do not include the metal, though that, being issued much below the standard in weight, might perhaps be fairly included.

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But, what is this credit, on which it depends for support, and which has enabled it to creep into use? This is a question easy to be answered. Government issues its paper of different kinds, in anticipation of the public revenue: individuals negotiate theirs, in anticipation of the produce, commercial or agricultural, they calculate on receiving and disposing of. All the issues of Bank of England notes, and those of private banking establishments, are made in discounting Government and private paper, and withdrawing and keeping them back from circulation, till they become due. For this transaction they get a certain profit, in consideration of the more general credit and currency of their own paper; every bank of circulation being of course, in the first instance, established on the faith of a large capital of money or stock. If the revenues anticipated by government, and the produce, on the speculation of which individuals have proceeded, fall short of expectation, government indeed have a ready way of satisfying the holders of their bills, by adding the amount to the national debt, and paying the interest instead of the principal; thus throwing their

I am inclined to think the amount stated is considerably within the truth, and that Bank of England paper, private bank notes, and Exchequer bills are all afloat in greater quantities. But it is not my object to overcharge the picture, which is striking enough, as a faithful representation of the truth.

their creditors on the future revenue, the present having fallen short. But how are *individuals* to make good the advances made to them? The issues of the Bank of England have been principally made in the discount of government paper; the private bills it discounts are always of short dates and of the best credit; for they, of course, have the choice of the market. Those of doubtful credit have been obliged to recur to the private banking houses, whose eagerness to increase the amount of their respective issues has wonderfully facilitated the negotiation of all kinds of bills and securities. It is on the private bankers, therefore, that the principal, almost the whole, loss will fall, while the privileged corporation remains comparatively secure.

On a rising market it is easy to increase the amount of paper circulation. Credit is then at the flood, and all parties appear to be rising together, though, in fact, their relative situation is nearly the same, except perhaps, that a sort of spring is given to the industry of the whole, by the prospect of imaginary gain and improvement of condition. Depreciation is however going on at the same time, though by imperceptible degrees. The increased issues of government, always made in anticipation of increasing revenue, being turned into circulating medium by their agents, the Bank of England, and serving as a basis for an increased issue of private bank-notes, likewise
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upon credit of increasing prices and quantity of produce, enables the people, by the increased nominal or money value of their produce, occasioned by the increase of the circulating medium, to swell the nominal or money amount of the public revenue, and thus appears to justify the anticipation, which has, in fact, been the cause of it. The nominal or money amount of the national debt goes on increasing, but its *real* value is, at the same time, gradually on the decline, from the progress of depreciation. Were there no fear of the operation of external causes to stop this progress, or drive it back again, it is difficult to say how far it might be carried. But both internal and external causes may operate in this manner, and put a period to that progress or even occasion a violent and dangerous reaction.

Great Britain has for some time stood alone. Her situation, both politically and geographically, has been insular. She has been gradually engrossing the monopoly of navigation, for which her position on the globe and her previous maritime preponderance gave her great advantages. The events of war have thrown into her hands the monopoly of supply of European articles to the colonial markets, and, consequently, so much enlarged the interchange of produce between her and the colonies, that the consumption of colonial produce by Great Britain alone, far exceeds that of all Europe put together. It is not surprising, that

that such a state of progressive power and improvement should have increased her public and private credit to such a degree, as to have enabled her to advance gradually towards the present state of depreciation. Our political situation is now changed; and we are about to set in motion both internal and external means of stopping and repelling depreciation, in the following manner.

Government, it may fairly be presumed, will in future contrive to do without fresh loans, and will issue no more paper to be discounted by the Bank, than the receipts of their revenue will discharge when due; so that they will not from time to time be compelled to fund Exchequer bills, and so add to the sum of their debt. Some indeed of those now ~~about~~ must probably be funded, and the number reduced to a moderate amount; but, when that is effected, it is to be hoped they will be kept within that amount, if not still further reduced. By this means, the great source of the increasing issues of Bank of England paper will be cut off, and the sum of those issues must also be reduced, or the Bank must enlarge its discounts of private paper, which we cannot presume it will do, unless there is an increase in production, and therefore a demand for a larger circulating medium. This alone will serve to put a stop to further depreciation; for, as I said before, the issues of private bankers must always be in a certain ratio with those of the privileged paper, and

no depreciation of the circulating medium, in relation to produce, can possibly take place, without the enlargement of that medium or the diminution of production. The mere stoppage of depreciation would do no harm, but leave the different classes of society just where they are at present. Thus far all would be well. The State, would have gone on borrowing during the progress of depreciation, and ceased to borrow, when that progress was arrested, so that it would receive no assistance from depreciation, in discharging the obligations it had incurred, nor experience any difficulty, from the rise in the value of money.

But we are not to be satisfied with merely stopping the progress of depreciation. We would go further, and restore money to the value it bore, previous to that depreciation, and are for setting about this notable work in a most effectual way. A happier expedient could not have been devised, than that of reducing at once the money prices of corn and of the necessities of life in general, that is to say, of the great bulk of agricultural produce, and thereby aiming at a reduction in the money price of all kinds of produce whatever. This will truly be admirable policy. We have continued borrowing during the progress of depreciation; we can at length go on without further loans, and begin to think of seriously setting to work to pay off our incumbrances: and, what is our first step? It is, to raise the value of money, and thereby enhance
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the difficulty of providing it. The state has hitherto been taxed with extravagance ; let us not have to charge it with madness too ; and add to the imprudence of borrowing when money was cheap, the folly of rendering it dear before we begin to repay.

. The effect of such a general reduction, in the prices of produce upon the circulating medium, would be almost immediate. The whole quantity of gross produce having fallen in price, a smaller quantity of that medium would be required for the circulation. For, it is quite impossible that such a fall could any how take place, without being either the cause or effect of a diminution of that medium. In this case the circulation would become excessive, and would therefore return upon its issuers. If that circulation was conducted by means of the precious metals, which are current every where, it would be morally impossible to make any reduction in money prices, as long as the sum of production remained the same, without withdrawing a part of the circulation. But this operation would take place of itself ; for, the principal causes which occasioned the precious metals to remain here, in spite of depreciation, having ceased to exist, by the restoration of general peace and security, they would naturally emigrate to a better market, till prices had found their proper level. But our paper can never emigrate. It has no value any where else than at home, nor

any here, but the imaginary one, which the credit of the issuer, who engages to give value for it, may have attached to it. Any reflux therefore, that the excess of circulation may occasion, will fall upon the issuers of the paper, whereof it is composed. The Bank of England, however, can neither be compelled to withdraw their notes, nor to give any thing in exchange; they are dependent only upon their own will and that of their principal the government, which has invested them with exclusive privileges. The whole reflux, therefore, would fall upon the private bankers and issuers of paper; whose issues would quickly recoil upon themselves, and they would be loudly called upon for produce or privileged paper in exchange, which the failure of others in their engagements, owing to the general depression of prices, would make it utterly out of their power to provide.

Even the fall in the price of the precious metals, which I have remarked, would by no means alleviate the distress of the private issues of paper. The Bank indeed, if such was their pleasure and that of the government, might, were the government paper they hold, funded, sell the stock in the market for bullion, and so convert such part of their issues as they have made in discounting that paper into metal, without loss, nay perhaps even with profit: but private issuers must give produce in exchange, which produce they will not possess

possess in sufficient quantity, owing to the inability of those, whose bills they have discounted, to discharge their engagements. A considerable quantity of metal may be, and probably will be, poured in upon us from the Continent, being almost the only thing it has at present to give us in return for the colonial produce, we have long kept locked up in our warehouses, and for which there is a tolerable demand; and this metal may fall prodigiously here in price,* because we have no demand for it and can do very well without it. But, if there is a prospect of demand for it to be employed, as before, in conducting our circulation, there is no doubt it will soon get up again. At any rate, the subtraction of so much specie from

* Bank notes are now very nearly at par with bullion, a circumstance that has not a little puzzled the advocates of the bullion report. This circumstance, however, may, I think, be fairly referred to the cause I have stated, but certainly in some measure depends upon the decreased demand for it on the continent, owing to the restoration of mutual confidence and the re-appearance of private paper there.* I fear, however, that this state of things will not last long. If it does, it is a proof, that we can maintain the depreciation of money, in the home market, in reference to commodities, with no injury to our trade with the continent; and furnishes the government with an additional reason for making use of that depreciation in clearing off its incumbrances, which it may then do with no injustice to its creditors, who are only entitled to payment in a medium at par with specie, as the warmest of their advocates admit. Vide Edinburgh Review, No. 17.

from the circulation of the Continent, combining with the restoration of security and agricultural industry there, will greatly cheapen the prices of corn and other articles of subsistence in the continental markets, and promote a still greater influx from thence, to the still larger reduction of money prices in our home market, and the aggravation of the reflux of the circulating medium upon its issuers.

There is a wide difference between a cheapness of the articles of subsistence arising from a plentiful crop of domestic growth, and such as may be occasioned by a free importation of the produce of foreign cultivation. *The one is a real increase of domestic production, and, therefore, a positive addition to the wealth of the community; while the other is attended with no such advantage. For whatever is imported from abroad for home consumption, some production of our own must be exported in return. It is true, indeed, that the same quantity of manufactured goods may be able to purchase more corn of foreign, than of domestic, growth, and thus the sum of our consumption be increased, without any addition

* The farmer might, indeed, be a loser by a plentiful crop, because the price might fall out of proportion with the increase of production; but he would, on the other hand, benefit in the same way from a short crop, and therefore makes his calculations on an average of years, which would be overset entirely by cheapness arising from import.

tion to our industry. This is the fair and best use of foreign commerce, and we could not for a moment hesitate to increase our consumption by this natural and easy method, were we placed in common or natural circumstances. Even our own agriculturèrs would have little just reason to complain. To them nature has given a kind of monopoly of the home supply, which they can always keep possession of, without the aid of legislation, as long as the value of money in reference to commodities is on a tolerable level at home and abroad. The articles of subsistence are for the most part, of a bulky and perishable kind, subject to great risk of damage and great charge of conveyance in a sea voyage; so that our own produce comes into the market with great natural advantages.

Our situation, however, is by no means an ordinary or natural one. Various causes have contributed to carry depreciation to a great length. The existence of a large national debt and of a circulation resting exclusively on credit, have made it the interest of the state, and, particularly, of the productive classes of society, to prevent the sudden rise of the value of money, and the sudden reflux of circulation it must infallibly occasion. Any sudden and considerable fall in the money prices of produce in general will, in the common course of things, give a most severe shock to public and private credit, and endanger the

the very being of our paper circulation. I leave your Lordship to consider upon what class of society it would bear the hardest. But I believe it will be admitted on all hands, that, of all the different classes, of which the community is composed, the proprietors of land and their farmers and tenants are those, who make comparatively the least use of those facilities, the credit system affords. The commercial class, on the contrary, for the most part strain that credit to the farthest stretch; all of them using it as capital, and many having little or no other. A merchant, who, in this country, should endeavour to confine his operations within the range of his mere capital, must conduct them on a narrow scale indeed, in comparison with his more enterprising competitors.

By admitting foreign corn and articles of subsistence on their present terms into the home market, we may indeed make some small addition to our consumption of those articles: a large one we do not want, as we already produce almost enough at home.* A little more than enough will occasion a glut, and rapidly bring down the prices quite out of all proportion with the gain of consumption we may expect to make. The worst of it is, that the prices of these articles regulate those of all the rest; so that, for the gain of a paltry

* Vide note, page 42.

paltry addition to the sum of our consumption in this single branch, we shall run the risk of a great and general reduction of the money prices of the gross produce of the country of every kind. That such a general reduction will inevitably follow any considerable and permanent fall of the price of subsistence seems to me morally certain. Articles of subsistence form the bulk of agricultural produce, and must therefore regulate its general price: should this kind of produce suffer depression, commercial produce must needs fall too. By commercial produce I would not be understood to mean any one, or any half dozen, branches of manufacture; but every kind of import of foreign luxuries, or raw material for home consumption, and every kind of home production that is not the immediate produce of agriculture. In this enlarged sense, I think it will readily be granted, that the agricultural class and its dependents offer to our merchants and manufacturers a much more extensive market for commercial produce, than all the foreign markets together.* Any fall of prices, therefore, which should materially affect the ability of that class and its dependents to consume commercial produce, must evidently have the strongest possible influence upon the price of that produce.

It is perfectly ridiculous, at this time of day, to hear people talk of leaving things to themselves; a phrase, which, if it has any meaning at all,

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* Vide note, page 42.

all, means nothing else, but letting them remain just as they are, and trusting to chance to direct them. To say nothing of the utter impossibility of doing so, or of the absolute necessity of accommodating our conduct to our altered circumstances, I never hear this language made use of, but I am apt to suspect the speaker, to be in possession of some exclusive advantages, which he is unwilling to lose by a change, or to share with his fellow citizens. To make a total alteration in our external relations, and leave the internal in *statu quo*, would, of itself, effect a total revolution in our domestic condition, and go well nigh towards a thorough transfer of property throughout the kingdom. It might perhaps have been much better, if statesmen had, from the first, left commerce to itself, and suffered the wants and passions of mankind to have had their full swing, so long as they did not disturb the public tranquillity. But they have gone upon a different plan, and constantly endeavoured to force the national talent and industry into particular channels, which, they conceived, most conducive to the power and grandeur of the state. Our present situation, I must repeat, is not a natural one, nor have we come to it by natural means. The monopoly studiously given to our merchants and manufacturers of the home and our own colonial markets, and that which they have, during the last years of the war, enjoyed in all the Transatlantic

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and Asiatic Colonies, have carried our manufactures to the greatest extent and perfection. The monopoly, that a combination of circumstances has given to domestic agriculture, has brought that branch of industry to a wonderful degree of improvement. Since our quarrel with America, we have nearly monopolized the carrying trade of the world. On the faith of these exclusive advantages, public and private credit have gone on in a rapid progression, and the enterprising spirit of the nation has pushed them both to the utmost.

Has all this been brought about by leaving things to themselves? Is our political greatness and consequence a rude production of nature? Is it not rather of exotic growth, and will not a too sudden exposure to the shocks of a changeable atmosphere, threaten a dangerous check to its luxuriance? Let us boldly open our eyes to the glare of truth, and not content ourselves with a mere glimpse of our present condition. We have too long deviated from the high road of natural policy, to hope at one stretch to regain it. If we must at length return to it, there is no other way than slowly and patiently to retrace our steps. Our mercantile and agricultural monopolies are equally offensive to nature. Our national debt is a still grosser violation. They are three hopeful bantlings of the same system, and sympathise in each others ailings and infirmities.

Six months have made more changes in our

condition, than we conceived it possible for as many years to accomplish. We have succeeded to our heart's wish in our political schemes, but that very success makes it necessary to abandon some of our schemes of profit. We can no longer command any monopolies, but those of our home market, and the markets of the British Colonies and possessions. In all others, our manufactures must force their way by superior cheapness or excellence, against whatever obstacles foreign statesmen may think proper to set up, for the encouragement of their own domestic industry, and against the very great disadvantage we labour under, from the heavy burthens our political extravagance has entailed upon us. Our navigation, too, will meet with many active rivals in Europe, and we may soon expect to see American bottoms afloat again. In this sudden change, our commercial class are not content with securing the continuance of their monopoly at home and in the colonies, but demand moreover, that the great bulk of our domestic agricultural produce should not only enjoy no monopoly of the home supply, but should not even come to market with any but natural advantages. What plea can they advance for so unreasonable a demand? I have heard of, and can conceive no other, than the expectation, that, by reducing the price of subsistence, and consequently of labour, the price of manufactures also may be reduced, and thus meet those of our continental

tinental rivals on more advantageous terms. . Either this expectation is well founded, or not. If not, there is then no plea for giving to the commercial, an advantage we deny to the agricultural, produce. But, if there are grounds for this expectation, is there, on the other hand, no danger, that, by this general reduction of prices, and the consequent rise in the value of money, the debts of the state will, in fact, be increased? Is there no danger, that, by disabling individuals from fulfilling their pecuniary engagements, a grievous shock will be given to private credit? Is it not next to certain, that such an event would occasion a violent reflux of our paper circulation, and an almost total transfer of all the property in the kingdom, from debtor to creditor?

These are questions worthy of serious consideration. For my own part, I confess, I see more calamity to the commercial class, to be apprehended from such an event, than they can possibly expect profit, from any imaginary extension of the export and import trade. The system of credit is of so delicate a constitution, that a local attack is sure to be felt through the whole frame. Were our circulation, like that of our neighbours, carried on by means of the precious metals, the intrinsic value they possess, as an article of trade and barter, would always enable the holders of them, if their value fell at home, to export them to a better market. An excessive circulation
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would then cure itself, without endangering the very existence of the circulating medium. Still, however, any violent fluctuation would occasion an entire change in the relation of debtor and creditor, and greatly enlarge the real amount of the national debt. But our circulating medium has no intrinsic value as an article of commerce, and can never go abroad for a market, if there is a redundancy at home, but must revert to its issuers. And, as the Bank is privileged, and its paper has, in fact, been made the legal currency of the country, the reflux of circulation will fall doubly heavy upon the issuers of private paper. What effect this will have upon the commercial class, they are best able to judge; although any one, who reflects at all, may form some estimate of its magnitude.

I have already disclaimed all feelings of partiality on the question before me, but fear your Lordship may, by this time, begin to suspect the sincerity of my professions, and suppose me no other than a disguised advocate of the agricultural interest. Such a purpose is far from my intention. If the advocates of the opposite party can shew, that a partial sacrifice of that interest is necessary, or even beneficial to the welfare of the community at large, I will, with all my heart subscribe to such a sacrifice; and so, I doubt not, will all the liberal minded amongst the agriculturists themselves. For I hold it a sound maxim, in politics

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as well as navigation, that a part of the cargo may at any time be thrown over board to save the rest.* But the necessity of the emergency must clearly appear, before we resort to so destructive a remedy, as well as the probability of its success. It is possible, that no lightening of the cargo will save the vessel, or that the danger proceeds from a totally different cause, and may be overcome by some other expedient. By an attack on the agricultural interest, a general reduction of money prices is attempted; and, if I advocate the cause of the agriculturers, it is, because I think, that such a reduction would not only prejudice the interests of all the productive classes of the community, but be also attended with extreme danger to public and private credit, and the distribution of property, on the maintenance of which so much of our power and prosperity depends.

The funded proprietors may tax me with partiality, with much more appearance of reason. They may perhaps imagine I have represented
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* Even if the necessity of sacrificing one of the two interests were clearly proved to exist, it would still remain a matter of choice between that of the creditors or that of the debtors; the former class consisting for the most part of idle, unproductive individuals, and the other including the most active and intelligent of the community; those, I mean, who, by useful and productive exertions, acquire a revenue, after paying the interest upon a borrowed or credit capital.

them in a very invidious light, as having an interest decidedly opposed to that of the rest of the community. It is but natural this should be the case. The interest of all borrowers must of course be directly contrary to that of all lenders. They have lent to the state, and, therefore, their interest and that of the state cannot but be hostile to one another. But it is not exclusively to them that my argument applies. I would have all borrowers in general, whether the State or individuals, in a word, all, who have outstanding pecuniary claims against them, and, on the other hand, all who have made advances on public or private security, consider well what an effect must be produced on their relative situation, by a sudden and large reduction of the money prices of produce in general; such a reduction, as would unquestionably take place, if the price of corn and other articles of subsistence were to fall much below what our own agriculture, taxed as it is in every stage, can fairly afford to sell it for.

The right of all creditors to exact rigid payment, and to take advantage of the rise in the value of money, in return for what they must needs have lost by the progress of depreciation, is clear and indisputable. But it is just as clearly their advantage, to use forbearance towards their debtors; especially when they find them fair and willing to make every exertion and sacrifice to perform their engagements, as the people of
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Great Britain have uniformly shewn themselves. There is such a thing as imprudence in lending, as well as in borrowing. The precipitation of creditors often creates bankruptcy, where a little patience and indulgence would have enabled the firm to go on, with advantage to themselves and no loss to others. Insolvency is at least as injurious to the creditor as to the debtor. But from such a calamity we are still far distant, if we follow the dictates of prudence, and use all our efforts to prevent any sudden rise in the value of money, and the revolution of property it would introduce.

Of all evils to a society, violent fluctuations of property are the most dangerous, and the most to be dreaded by the government. They destroy all mutual confidence, so necessary in a commercial nation, and keep the whole mass in a state of constant and violent fermentation. At any rate, let us proceed slowly and cautiously. If a transfer of property is unavoidable, we may at least moderate and regulate its progress. The national expense must be reduced within the limits of the revenue, before we can afford to raise the value of money; and, to effect this, an amazing retrenchment must be made. Let us see how far retrenchment can be carried with safety, before we think of giving encouragement to foreign agriculture, at the expense of our own, and for the sole benefit, as I have endeavoured to shew,

of the funded proprietors, and of such as have fixed annual incomes payable in the currency of the country. If the advantages to be derived from the expected extension of foreign commerce, to which a reduction of money prices might certainly contribute, can be shewn, by any tolerable mode of calculation, to be such, as would at all counterbalance the real increase of our national burthens, I will heartily subscribe to the introduction of articles of subsistence of foreign growth, or to any other measure, that promises to raise the value of money, in reference to commodities; but not otherwise. Upon this single point turns the whole weight of the question. Till it is determined with some degree of precision, we can come to nothing like a satisfactory conclusion.

I have before stated my reasons for expecting little or no increase of British foreign commerce, from the restoration of our intercourse with the continent of Europe. A reconciliation with America will probably be more beneficial; but all these enlargements of the markets for our produce are to be acquired by the infringement or sacrifice of some one or other of those exclusive advantages we have for some time possessed. Most of the captured colonies are to be restored, without any equivalent being asked for, or any stipulation for the admission of our manufactures on certain definite terms. The navigation of the world will be again laid open, and it will soon be out of our
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power to close it at will. Our commerce will have to encounter its old rivals, with no other advantages than what our superior skill and industry may give us. In these indeed we stand on a proud pre-eminence, which we may occupy without injustice to other nations, and to the general benefit and improvement of mankind. Of this advantage we should now reap the full fruits, had not the necessities or extravagance of the state, by pursuing the funded system to an extraordinary extent, in a great measure perpetuated the burthens of a war establishment, and saddled us with an annual interest to the creditors of the public, of more than enough to keep an immense naval and military force on foot. In this respect we are worse off than any nation in the world. This single circumstance makes it extremely doubtful how long, in a state of general tranquillity, we shall be able, with all our abridgments of labour, to maintain a competition in the foreign markets.

It is highly necessary, therefore, while we enjoy our present pre-eminence almost without a rival, to use every effort in the reduction of our national burthens, before the other countries of Europe are able to recover their lost ground, and take advantage of the inventions of ingenuity it has cost us so many years to complete. It is impossible ever to hope, that such a reduction can be effected, unless, while depreciation continues at home, we make use of our present superiority to charge

dear to foreign consumers, for what England alone can furnish, before the continental manufactures revive under the auspices of repose and security, and threaten, from their comparative exemption from taxation, to undersell us in the articles of most common use and consumption.

I have laboured to shew, that the admission of foreign articles of subsistence on a par with our own produce of a similar kind, will be the worst possible mode of proceeding; that it will greatly increase the real amount of our public burthens, without any thing like a proportionate increase of our production and consumption, which alone it is any gain to the community to increase. That a reduction of money-prices, will gradually take place, even without such admission, there can be no doubt whatever; the very circumstance of government contracting, or even not enlarging its issues of paper, will, if the gross annual produce is on the increase, gradually arrest and even repel depreciation. If this operation is performed by slow gradations, it may be put into execution without danger of suddenly subverting the settlement of property. Our circulating medium may, by degrees, be restored to a par with that of the continent, and depreciation confined within its natural limits; that is to say, the prices of living in this country be reduced to such an advance upon those in other neighbouring kingdoms, as the generality of capitalists will be willing to give, in consideration for the superior comfort and
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safety we can offer. When we have secured the credit of our circulation, and brought our expenditure within our income, then, and not till then, we may turn our attention towards the reduction of money prices, and at the same time of the capital and interest of the national debt. But we must not suffer the value of money to be raised by the operation of an external cause, as it certainly will, if subsistence grows cheaper in consequence of importation, before we have made that retrenchment and attained that security, or we shall go near to shake our credit-system to the foundation, and plunge the affairs of the state, and of individuals, into inextricable confusion and embarrassment.

It has been much the fashion of late to consider the landholders as having benefited more than any other class of society, by our late situation, and to have taken undue advantage of depreciation by raising their rents out of proportion with the general rise of money-prices. This is not the fact; it is absolutely impossible that rents of land should advance out of proportion with the price of the produce of that land, except in one way, namely, by abridgment of labour in agriculture, and improvement in cultivation, which enable the cultivator to give the landlord a larger share of the gross produce of the estate than before, without curtailing his own profits. Now, the produce of land, as I have above en-

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deavoured to shew, must regulate the price of produce in general, and nobody will venture to assert, that they have not both advanced in price regularly together. Indeed, when we compare the average price of corn for ten years, beginning with the year 1789, and ending 1799,* with the average price for the same period, ending in 1809, we shall not find the advance to have been so monstrous, compared with the simultaneous advance of the gross expense of keeping up an establishment. If, then, the rents of the landholders have been raised disproportionately with the price of subsistence, it must be owing to the abridgment of labour and improved cultivation, and not to the monopoly, which domestic agriculture has enjoyed. For that monopoly has never been nearly so complete as what the commercial produce has possessed, and continues to possess in the home market, and yet the prices of many
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* It was in the former, 54s. 3 $\frac{3}{4}$ d., in the latter 81s., 2 $\frac{1}{2}$ d. the quarter (See Mr. Rose's Speech and its Appendix). During that period, other prices certainly rose nearly in proportion. The increase of corn prices for the four subsequent years certainly advanced much more rapidly, but other prices have advanced most rapidly at the same time, though perhaps not in the same ratio. But I am not speaking as an advocate for the landlord, but labouring to convince your Lordship that the state in the abstract, as well as all the productive classes, have an interest in keeping up the high prices, at least for some time longer.

of the principal branches of manufacture have scarcely advanced at all; a circumstance that may be explained by the fact, that abridgment of labour may be carried infinitely farther in manufacture than in agriculture, and, therefore, though every thing else should grow gradually dearer, manufactures may be growing cheaper and cheaper, while the produce of land, not being capable of such multiplication or improvement, is gradually rising in price, in spite of improved cultivation. But whether the rents of the landholders have been disproportionately raised or not, makes nothing for or against my argument. The real question is, whether a sudden reduction of the price of agricultural produce will not occasion a rapid and enormous increase of our national debt, a violent reflux of our paper-circulation, and, consequently, a dangerous shock to credit, public and private. I have given my reasons for thinking it will. The event will shew, and I should indeed be most happy to find myself mistaken. But where we see a bare probability of danger, duty requires us to give warning to our fellow citizens. It is not to be expected that we shall for some months begin to see the full effects of the change that has taken place; * the causes indeed have already begun

* The full effects will not be felt till the middle men, between the producer and consumer, begin to feel the operation of the reduced expenditure of the agricultural class and its dependants.

gun to operate, and the corn counties have already experienced a taste of some of the consequences. But the general result cannot yet be practically estimated, though we may form some theoretical notion of it.

It would be easy to enlarge on the danger of checking our domestic agriculture, and diverting it into a different channel, as well as the hazard of multiplying our population at the expense of dependence for its subsistence on foreign supply. But these topics are in every body's mouth : nothing that I could say would increase the weight of them. The only object I have in view is, to convince the commercial class, as well as the Government, that they are much more concerned than the landholders in keeping down the value of money, and that the only class, who have an opposite interest, is that of the public creditors and creditors in general ; and that, even to them, any sudden or violent change must be productive of incalculable mischief, by endangering their securities. I see no other,* method of preventing such
a change,

* There are in fact two other ways in which the evil may be prevented, either that money should sustain a general depreciation, in reference to commodities, throughout Europe, till it came to nearly a par with its relative value in this country, or, that the corn exporting countries should saddle the export with duties heavy enough to counteract the difference of price at home and abroad. Over the former we have no control, nor have we
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a change, than by imposing on the import of corn and other articles of subsistence of foreign growth, additional duties to those already in force, in a ratio sufficient to prevent any considerable reduction in the prices of those articles in the home market, below their average price, for a few years previous to the events which have so suddenly restored our intercourse with the Continent : so as, in short, neither to stop importation entirely, nor to make it impossible for home produce to come to market on any tolerably fair terms.

Every schoolboy knows, that, to a great manufacturing country, a perfect freedom of trade at home and abroad would be an inestimable advantage, if it were by any means attainable. In such a state of things, a free nation, enjoying security of person and property, would, of course, take the lead : her superior skill and industry must prevail over all opposition. But the whole system of European commerce is built upon monopoly and exclusion ; the rulers and statesmen of each community being constantly on the alert to benefit and aggrandize that one, at the expense of the rest. This restless avidity has been the occasion of keeping up a perpetual ferment of hostility among the

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any reason to expect it, but rather the contrary. The latter, indeed, would effectually do the business ; but, in that case, the British consumer would pay a tax to a foreign government instead of his own.

whole, that has cost them all a profusion of blood and treasure. The introduction of the funding system has varied in the different nations the proportions of their respective produce demanded for the public service, and rendered their respective public burthens very unequal. This inequality has served to require a still wider separation between the different states; and the inconvenience, thus introduced by aiming at monopoly, has rendered us incapable of going on without it. Political selfishness has become necessary to our political existence: by that we have attained our present national greatness, and by that alone we can preserve it. Our navigation, our commerce, our manufactures, our agriculture, have all thriven by exclusive privileges. If we withdraw them from one, the rest must in reason and justice submit to the same terms. The time is past when we could have adopted a more liberal policy, and followed at once the order and simplicity of nature. If we would now strip the garment of its useless frippery, we must proceed with patient diligence, not with boisterous impetuosity.

After all that can be said upon the subject, it is but too probable this important question will be decided, not by fair argument and the exercise of sound judgment and discretion, but by popular acclamation. And yet a very little reflexion (if the mob were capable of reflexion) would convince them, that the comfortable condition of the labouring

bouring class depends wholly upon the demand for their labour, and not upon the money prices of the articles of subsistence. Now it is notoriously the object of all improvements in manufacture and agriculture, to raise the greatest quantity of produce with the least quantity of labour.* This is at the same time the interest of the state and of all capitalists. Where improvements, therefore, are carried to the extent they have reached in Great Britain, and where scarcely a year passes over our heads without bringing to light some new and considerable abridgment of labour, it is not from this quarter, that any great increase of demand can be expected. Navigation and emigration are the surest vents for our population: the latter, in a commercial state, may be turned to peculiar advantage, by opening new markets for the produce of domestic industry, and new sources of luxury

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* It is precisely the extent to which this is carried in Great Britain that gives her the rank she holds among nations, and not her extent of territory and population. A nation might consist of one hundred millions of inhabitants, all of whom were fully occupied in supplying their own wants, and could spare nothing for public revenue. France, with more than twice her population, can furnish a revenue of but twenty-seven millions of our money. Allowing this sum, from the circumstance of depreciation, to be worth in commodities even twice as much as in England, so as to amount to a revenue of fifty-four millions, it is still but $\frac{37}{60}$ of what we collect from a population of less than half the amount, and yet probably presses with equal severity upon the community.

for import. But war is by far the largest consumer of produce, and occasions the greatest demand for labour. The return of peace will throw a vast number of useless hands upon society, where the labouring class are already fully equal to the demand. Thus the peace we have so fervently prayed for and hailed with such rapturous exultation, seems to me far more likely to reduce, than increase the demand for labour. If so, the condition of the labouring class will be rendered worse, not better, by the change, and the sound of joy and triumph soon be drowned in the murmurs of discontent.

It gives me much pain, my Lord, to obtrude my ill-omened croakings upon the notice of your Lordship and the country, particularly at a time, when nothing is heard on every side, but the noise of festivity and congratulation. But the sooner alarm is given, the more easily the flames may be checked. However mortifying, it is sometimes of service to have a monitor, who, amidst the intoxication of success, shall recal to our awakened recollection the frailties of mortality. It grieves me to say, I am not the solitary foreboder of mischief. A casual murmur of disappointment may even now be heard upon the Exchange, and ministers must expect the sound to grow more and more distinct. The situation of a ministry in Great Britain, is always most critical at the commencement of a peace. A free people will generally

rally undergo disasters and burthens, with magnanimity, but cannot bear success with moderation. All classes expect to benefit largely. Many, if not all, must be disappointed; and the government can command fewer voices, in proportion as its patronage is limited. This is the reason why an administration has, in this country, seldom long survived the termination of hostilities. I do not pretend to prophecy, but merely wish to put your Lordship on your guard against probabilities. A colony cannot be restored, a ship paid off, a regiment disbanded, without giving rise to some discontent and depriving some persons of their comforts or emoluments. And report bids us expect, that our retrenchments and concessions will both be conducted on the grandest scale. If, however, you have the real good and prosperity of the country at heart, as we have every reason and inclination to believe, whatever clamour may be excited out of doors, you will of all things guard against sudden fluctuations in the value of money, and the shock they must needs give to public and private credit. Violent transitions of property strike at the root of civil order and economy; they derange the whole frame of society, and sap the very foundations of good faith and morality. By means of our public and private credit, founded on the stability of our government and the security of person and property, and aided by the exclusive advantages we have long possessed, we have become what we are.

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They are surely worth preserving with the most anxious attention. But, if my views are at all correct, they are at present in great jeopardy. We have only to point out the danger, and may safely trust your Lordship to put in practice the means to prevent it. For, whatever may be thought of the existing administration in other respects, in practical experience and ability it has certainly been rarely equalled.

Our merchants and manufacturers begin to confess, the expectations they fondly indulged in, upon the first opening of the continental ports were far too sanguine. Colonial produce, of which there was a great accumulation in the market, and a real want upon the 'Continent,' rose to a prodigious height. The price of manufactures advanced in proportion. It was not sufficiently considered, that the consumption of the continental nations in both these articles, even in their most flourishing times, never bore any sort of comparison with that of Great-Britain and her colonies at the present moment. The privations they have so long endured, have weaned them altogether from many items of luxury, and the general poverty has for some time disabled them, even if they should have the desire, from purchasing any in great abundance. By the time they shall have repaired the ravages of desolating war, their own colonies will have been restored, and will regularly supply them with their produce and with the

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raw materials of cotton manufacture, much cheaper than we can pretend to do, although we may, for some few years, vie with them in wrought commodities. They must all, however, as well as ourselves, raise a public revenue from consumption, though not so large a one in proportion as we are obliged to raise, and will of course levy it in the easiest way, that is, upon the import of foreign luxuries and manufactures. These were obvious and simple reflections, if the time could have admitted of any reflection at all. For want of them immense losses have been suffered by the capitalists, who have dipped deep in speculation.

Besides the disappointment of these people and of the numerous public servants dismissed from employments, they had begun to look upon as permanent, there is another source of more general discontent, that your lordship is probably prepared for; and that is, the impossibility of giving the nation, for some time at least, any considerable relief from its present ratio of taxation. And yet such relief is confidently expected by all classes. What taxes are first to be taken off? is a question on every body's lips: nay, disputes have already taken place about the order of precedence. But, if there is any truth in the statement, I have submitted to your Lordship's consideration, taxation must remain nearly as it is. The state cannot afford to remit any considerable
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part of the tithe it demands, or lessen its proportion to the gross produce. There are great arrears of the war to be discharged. Exchequer bills must be—in part at least,—paid off or funded, which will still more increase the annual interest of the national debt. When I have taken for granted, that we can this year curtail our expenditure, to the full amount of the excess of debt created last year, above the debt redeemed, I have perhaps gone too far. I was willing, however, to put the case most strongly for the state. With the same intention I have supposed, that the revenue, as it is now levied, will be equally productive this year as the last : which can hardly be reckoned upon, if we take into calculation the probable loss home consumption will sustain, by the expected emigration of persons possessed of revenue, as well as by the retrenchments in the consumption of the state. If the revenue falls short, our retrenchments must be conducted on a still more extensive scale, and yet taxation remain as heavy as before, or else the weight of taxation must be actually increased. And, from what has been above stated, it will be seen, that the surest way of making a deficiency in the public income will be, to raise the value of money in reference to commodities, and thereby in reality add to the income of the public creditors.

A little care and patience will avoid all the risk and confusion we have to apprehend. If we continue

tinue to give a kind of qualified monopoly, to a certain extent, to the produce of domestic agriculture, and by that method keep up the price of articles of subsistence, till we have made every possible retrenchment, and discharged a part at least of our arrears, there will be little danger of a sudden elevation of the value of money; an event from which I apprehend such frightful consequences. We shall by that time have been able to form a tolerable estimate of the increase of demand for our manufactured produce, that the repose of Europe and the restoration of confidence and intercourse between the different parts of it will occasion. For the ravages of war will have been in some measure repaired, and our manufacturing skill, industry, and capital, will scarcely be so soon in danger of rivalship. We shall then, too, perceive the effect of the large colonial concessions we are about to make, and whether we shall not be greater losers by the reduction of their consumption, than gainers by the restoration of commercial intercourse with the continent of Europe. A great part of our carrying trade must necessarily be sacrificed. We must henceforth expect little more colonial produce to be imported, than what is requisite to feed our own consumption and manufactures. Europe will supply herself much cheaper by a direct communication with the colonies, than by the present circuitous channel.

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Our commercial men will find after all, that the home market is their sure and best resource ; and that it is the only one, except that of the British Colonies, over which they have any control. To improve these two will, therefore, be the constant aim of government, by removing every needless restraint, and giving to mercantile operations as much certainty and simplicity as they are capable of, in the existing condition of the world. When we find ourselves in a situation to lighten the burthen of taxation, it will then, and not till then, be time to think of remedying the depreciation of money in reference to commodities, of which so much complaint has been made. It has gradually crept in upon us, and must be as gradually removed. An attempt to bring about a sudden alteration by extraneous means might occasion a total revolution of property throughout the country ; the very mention of which must strike terror into the hearts of all lovers of good order and well-wishers of the constitution.

The State stands at present upon vantage ground it may not long be able to occupy. The existing rate of taxation produces, at the present money prices, a very large revenue, even after discharging the interest of the national mortgage. Ministers should seize the favourable moment, and strain every nerve to pay off the arrears of the war, and put the peace establishment on the most economical footing, before a rise in the value of

of money produces a deficit in the amount of the revenue, and leaves little or nothing to spare towards discharging the arrears, after paying the current expenses. For we cannot depend upon a continuance of the revenue at its present amount, though the value of money should remain stationary. Such a moment may not again occur, and we may go on floundering still deeper and deeper, till the desperate plunge of insolvency can alone put an end to our inextricable embarrassments. I am aware, that the course I am recommending will be very unwelcome to the nation, and attended with a grievous disappointment of those flattering, though delusive hopes, the restoration of peace has engendered. But if the welfare of the country calls for such an exertion of self-denial, your Lordship has but to make known the necessity, and you are too well, by long experience, acquainted with the patient enduring temper of the nation over whose councils you preside, to doubt of its cheerful submission to the painful task.

I shall conclude an address that has doubtless been far too long for your Lordship's patience, and is swelled with details which would be quite unnecessary, if intended solely for your Lordship's inspection, with briefly observing, that it has throughout been my most earnest wish, to convince the administration and the country of the truth of the following positions :—

That

That a sacrifice of the agricultural interest is by no means necessary for the plentiful supply of subsistence to our population.

That such a sacrifice would by no means be counterpoised by any consequent increase in the prosperity of the general commerce of the country.

That it would benefit no class but the funded proprietors, and greatly add to the difficulties and embarrassments of the State.

That it would be attended with extreme danger to the public and private credit of the country, by occasioning a total revolution in the relation of debtor and creditor.

And, in fine, that it would be wantonly throwing away those advantages that the late change of political circumstances has given to the State, towards reducing its arrears and encumbrances—advantages which it must not expect long to possess, or ever again to enjoy, in an equal degree.

With a firm conviction of their truth, and a hearty desire to impress the same upon your Lordship,

I am, &c.

THE END.